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THE ROYAL COMMISSION ON METROPOLITAN
DEVELOPMENT
OF EDMONTON AND CALGARY

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PROCEEDINGS

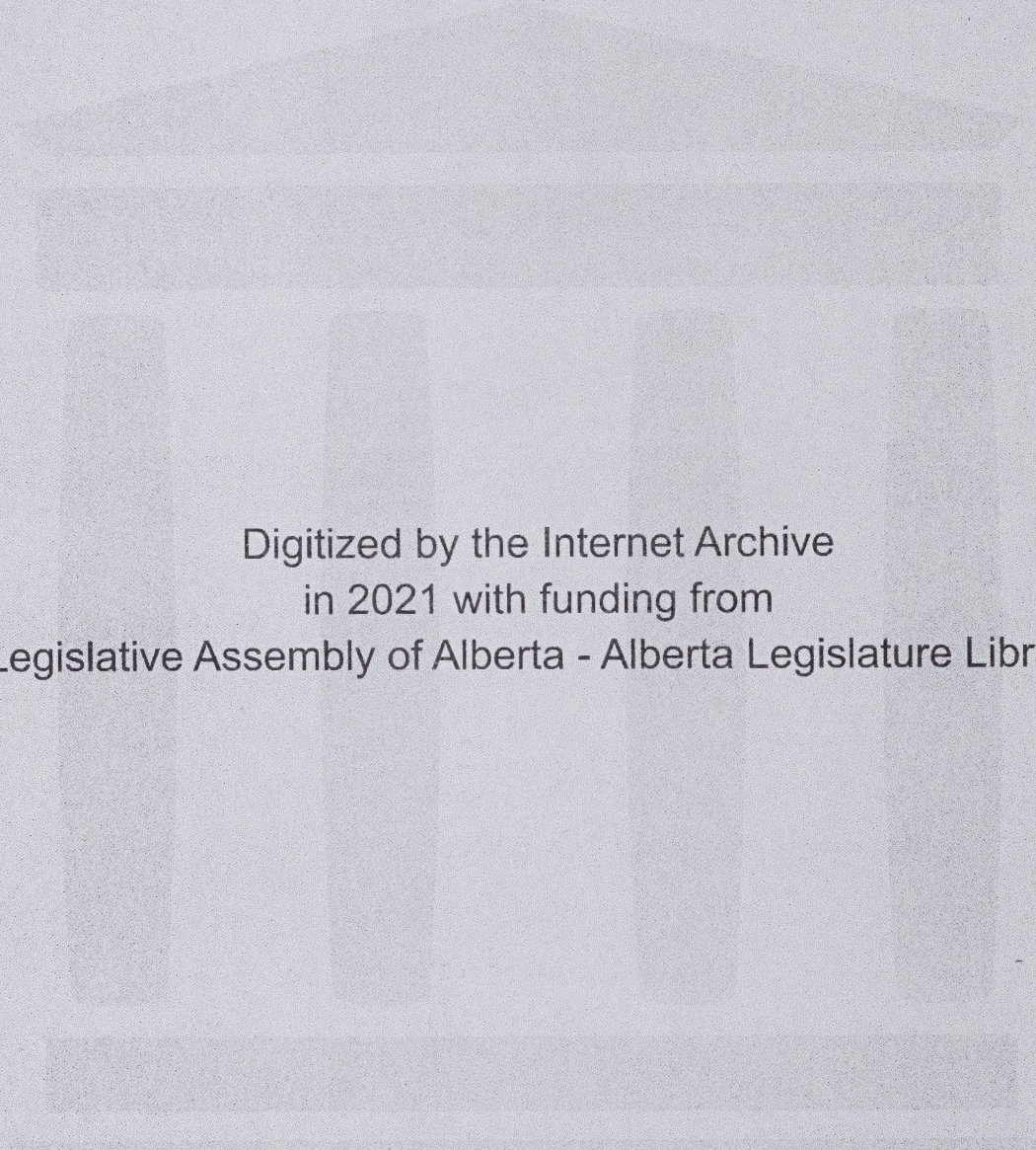
DATE March 21st, 1955.

VOLUME 46

The Court House

EDMONTON - ALBERTA

SUPREME COURT REPORTERS, EDMONTON



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EXHIBITS

<u>No.</u>	<u>Description</u>	<u>Filed at</u>
232E	Document entitled "City of Edmonton Electric Light and Power Distribution System".	5730
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THE SITTINGS OF THE ROYAL
COMMISSION ON METROPOLITAN
DEVELOPMENT OF CALGARY AND
EDMONTON, held at the Court
House, Edmonton, Alberta,
on Monday, the 21st day of
March, A.D. 1955 at 9:45 a.m.

MR. DAVIES: Mr. Garside, will Mr. Pollock be here?

MR. GARSIDE: Yes, he will be here later, sir.

THE CHAIRMAN: Mr. Garside, Mr. Clement gave me a sign
that he wants to say something.

MR. CLEMENT: Sir, after the presentation of the Sherriitt
Gordon submission it came to my attention that the
Town of Fort Saskatchewan announced to you its
desire to make a modest raid on heavy industry, and
I thought that in order that the Commission might be
quite clear, that we don't wish to be subjected to
anybody's depredations, that I should make a further
submission in answer to you.

I mentioned the matter to Mr. Davies and
he suggested that perhaps it would be more convenient
to you, sir, if I filed a written submission rather
than occupy these dying stages of the hearing, and
if that is your wish, sir, if you would indicate a
time within which I might have to file one, I would
be grateful for any generosity in the matter of time
that you could give me, I would be very appreciative.

THE CHAIRMAN: Thank you very much, Mr. Clement. I think
I can say, you see the somewhat decimated appearance
of the Commission.

MR. DAVIES: As to numbers, sir.

THE CHAIRMAN: I think that we ought then to say that we

THE CHAIRMAN OF THE HOUSE
COMMISSION ON INVESTIGATION
OF THE ALBERTA
GOVERNMENT, held at the
EDMONTON, held at the
House, Edmonton, Alberta,
on Monday, the 21st day of
March, A.D. 1955 at 9:30 a.m.

MR. CHAIRMAN: Mr. Gervais, will Mr. Poirer be here?

MR. GERVAS: Yes, he will be here later, sir.

THE CHAIRMAN: Mr. Gervais, Mr. Clement gave me a note

that he would be very sorry.

MR. CLEMENT: Sir, after the presentation of this document

your attention is drawn to my attention that the

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THE CHAIRMAN: (Cont.) would prefer to have this submission written, unless either Mr. Brownlee or Mr. Garside feel that they would like some opportunity for cross-examination? -- then, I think we have agreed, Mr. Brownlee and ourselves that his submission would be filed on the 7th of April. Does that seem to you to be generous?

MR. CLEMENT: Yes, I think, thank you, sir, yes, I can arrange it by then.

THE CHAIRMAN: Very well, Mr. Clement then. We will be pleased to receive such a submission on or before that date.

MR. CLEMENT: Thank you very much, sir.

THE CHAIRMAN: Now, Mr. Garside?

MR. GARSIDE: The Commission asked for certain information concerning the kilowatt hour consumption and rates and energy costs for street lighting. This information was forwarded to Mr. McGruther. I only have two copies here, but he has the other copies, and I would like to file this formally as an exhibit.

THE CHAIRMAN: It is entitled, did you say?

MR. GARSIDE: "City of Edmonton Electric Light and Power Distribution System, Kilowatt hour Consumption Rates and Energy Costs for Street lighting for the years 1937, 1943, 1946, 1949, 1951 and 1953".

THE CHAIRMAN: This is not what in the Legislature they describe as a short title, is it?

MR. GARSIDE: Well, no, not quite.

THE CHAIRMAN: Well, if you will hand me one of the extra copies of yours?

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MR. DAVIES: I presume, Mr. Garside, they are in that parcel altogether?

MR. GARSIDE: That's right.

THE CHAIRMAN: Mr. McGruther, am I right in thinking it is 232?

MR. McGRUTHER: Yes.

DOCUMENT ENTITLED "CITY OF EDMONTON
ELECTRIC LIGHT AND POWER DISTRIBUTION
SYSTEM" IS ENTERED AND MARKED
EXHIBIT 232E.

THE CHAIRMAN: That is electric light and power distribution system for selected years 1937 to 1953.

MR. DAVIES: Mr. Chairman, at this stage I think I should remind you that we should mark that last brief of the Town of Fort Saskatchewan, it was never given a number.

THE CHAIRMAN: Oh, never given a number, 233 then. Have you your copy there?

STATISTICAL AND FINANCIAL DATA OF
THE TOWN OF FORT SASKATCHEWAN ARE
ENTERED AND MARKED EXHIBIT 233E.

THE CHAIRMAN: Financial data, statistical and financial data of the Town of Fort Saskatchewan dated February 15th. Have you anything else that ought to be attended to before we resume the hearing?

MR. DAVIES: Did you, Mr. Brownlee, wish to speak for a modest extension of your April 7th date in view of the sittings of the Commission going on longer than was expected?

MR. BROWNLEE: Yes, Mr. Commissioner Davies, I began to mention it on Thursday, last Thursday of the sittings, and I didn't press the point further because of time.

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MR. BROWNLEE: (Cont.) We have found that we are becoming more and more involved in the job of getting this argument prepared, and we had more or less taken it for granted that with the extension of the sittings, the time would be extended. Probably that is what has been called an unwarranted assumption, but we did want to have all of the information before us before we drew the whole picture and finally prepared the outline of our argument. We have prepared an outline already, but it might be subject to some modification in light of what might follow.

THE CHAIRMAN: Mr. Brownlee --

MR. BROWNLEE: I might also interject, sir, that I now find myself in rather an embarrassing situation where I have a trial of major importance and one which will probably take two or three days and which will be set for the second week in April in Lethbridge.

THE CHAIRMAN: In Lethbridge?

MR. BROWNLEE: In Lethbridge.

THE CHAIRMAN: That's the 10th to the 16th.

MR. BROWNLEE: Yes.

THE CHAIRMAN: Well, then the extension won't be of very much use to you unless it goes much further than that?

MR. BROWNLEE: Unless it went to the end of the third week.

THE CHAIRMAN: Well, Mr. Brownlee, I think you would agree that the Commission ought to have at least two days before we resume our sittings. We are taking recess after the conclusion of these hearings until the 23rd of April in order to read the transcript again.

MR. BROWNLEE: Quite.

THE CHAIRMAN: And I would wish very much to have the written submissions not later than the 20th, if it is possible, so that we could have that much time to read those in addition to the transcript.

MR. BROWNLEE: Yes, well --

THE CHAIRMAN: That's a compromise offer.

MR. BROWNLEE: I think it is very acceptable, sir, thank you very much, it is very much appreciated.

THE CHAIRMAN: Then we will say the 20th, Mr. Brownlee.

MR. BROWNLEE: Yes, thank you very much, Mr. Chairman.

THE CHAIRMAN: Mr. Garside, you might tell Mr. Clement if you see him that that extension has been made, if it is of any use to him.

MR. BROWNLEE: I will make a point and tell him.

THE CHAIRMAN: And, Mr. Garside, you won't need it, but you still will have it.

MR. GARSIDE: Thank you, sir.

THE CHAIRMAN: Then, I think, Mr. Garside, if you will now resume with what you were saying when I interrupted you.

MR. GARSIDE: The Commission wanted to hear Commissioner Menzies in connection with this five percent gas franchise tax and also Mr. Dant for a brief period and also Mr. Pollock the City Assessor. I have Commissioner Menzies now.

MR. DAVIES: Mr. Garside, apparently it is not clear to you what the Commission intends to do. We intend to make a survey of the incidence of utility taxation in the City and the relationship of utility taxation to other taxes in the city too, and I presume it will

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MR. DAVIES: (Cont.) be Commissioner Menzies that would be dealing with that.

MR. GARSIDE: Well, we didn't know that, but still I think --

MR. DAVIES: You see, we haven't touched the utilities at all yet. We don't intend to go over all of them, but we intend to go over some of them.

MR. GARSIDE: I don't know anyone better than Commissioner Menzies to answer any questions.

MR. DAVIES: Incidental to that, I was hoping that possibly we could deal with Mr. Pollock first to establish certain figures regarding the tenants in the city, from some of the exhibits.

MR. GARSIDE: He has been trying to get that information and he will be here in a few minutes. Perhaps we could proceed with Commissioner Menzies in the meantime to some extent or perhaps Mr. Dant?

MR. DAVIES: It wouldn't interrupt the continuity if we had Mr. Dant first?

MR. GARSIDE: Yes, all right.

NOEL DANT, recalled on his former oath, testified as follows:

MR. GARSIDE: Commissioner Menzies is very anxious to know whether or not he will go on before this afternoon because he has a prior commitment?

THE CHAIRMAN: Well, we will see whether, do you anticipate we will have -- ?

MR. DAVIES: I didn't even know Mr. Dant was coming back, as a matter of fact.

MR. GARSIDE: He was coming back for two reasons: one is

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Noel Dant - Garside Ex.

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MR. GARSIDE: (Cont.) to clear up the question of the green belt and the next one is to answer your questions with regard to the Advisory Commission.

THE CHAIRMAN: Well, Mr. Menzies, what is, your commitment is not until the afternoon, is that what I understand?

MR. MENZIES: Well, no, I am all right, I am clear this morning for the balance of the morning. If you don't think you want me this morning, I will go back, whichever way you like?

THE CHAIRMAN: You expect Mr. Pollock here?

MR. GARSIDE: I told him to be here at quarter past ten.

MR. MENZIES: I will wait, I will see how it goes.

THE CHAIRMAN: Yes, or if you wish, it isn't very far, you can go to your office and we could telephone you as soon as it appears that we are nearly finished with Mr. Pollock.

MR. MENZIES: I will stay, thank you.

MR. GARSIDE EXAMINES THE WITNESS:

Q Mr. Dant, you are still under oath, you are still under oath?

A Yes.

Q Some uncertainty seemed to exist as to what the green belt consists of with respect to the metropolitan area. Now, could you tell me, or, could you describe to the Commission the green belt area with respect to the metropolitan area?

A Do you mean the existing green belt or the District Planning Commission or what?

Q The one that will prevail if the metropolitan area is developed.

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A As I understand the city's case, according to Mr. Moffat, if, those annexation requests are based on the fact that there will be good control outside that limit, and hence the green belt will also be outside it, in other words, everything within that perimeter of the shaded areas would be developed land eventually. If the control was such outside the limits that it was not better than it is now, then I think the city's case would be for a wider annexation to include the green belt in there so that we could control it. So that my understanding of that proposal is that everything in grey down there or that shaded area with numbers on it, not all the numbers, the ones in the shaded areas would indeed ultimately be needed for this growth up to 350,000, and I would suggest that particularly that northern piece on the west side of the river would logically go basically to the residential type of development. Is that what you had in mind, Mr. Garside?

MR. DAVIES: Are you referring to north of Beverly now, Mr. Dant?

A Yes, north of Beverly, that's right, well, of course, we haven't done any thinking on these lines in detailed planning or even considered the zoning, but it occurs to me now that perhaps a piece in here might very well go to industry, but I was thinking mainly of this piece in here would most likely go to residential use, in other words, it wouldn't be green belt in my understanding, although it may take a little time to develop. It would develop in the same way we have

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A (Cont.) been doing the city by the cellular principle going out bit by bit.

Q While you are there, Mr. Dant, would you mind pointing out the location of the Milner-Steer farm?

A I'm not sure, I understand it's somewhere in this area, but I don't know the exact spot.

Q I just wanted to make sure of that particular area in respect of which Mr. Steer appeared here, will be developed.

A Do you know what parcels Mr. Steer owns?

MR. MENZIES: That is his property here, 9 and --

THE CHAIRMAN: Those are population numbers you are pointing at, you understand, Mr. Menzies.

MR. MENZIES: I realize those are populations, but there are two sections, that's Section 18, Section 18 and Section 19 are the two sections in which his property lies, Section 18 and 19.

A Without wishing to be committed at this point on anything which we haven't planned or even thought about in any detail yet, I would think that Mr. Steer would get some industry and some residence ultimately.

THE CHAIRMAN: Mr. Dant, is it your thought that the green belt will be entirely outside the heavy black line.

A That's right, Mr. Chairman.

THE CHAIRMAN: And roughly a width of, it will vary, I know, a width of two or three miles or what.

A On the premise of the ideal satellite town which has the nearest urban accretion, shall we say, to the ultimate city core, in this part of the country

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A (Cont.) I wouldn't like to recommend anything less than five miles, otherwise the pressures are such that they gradually become joined together and become another appendage of the city. So on that premise you might say that a minimum green belt should be five miles in that direction for satellite towns, but, of course, there is variation down there, for instance, St. Albert is less than five miles from this tip, but if this green belt was controlled sufficiently, we haven't looked upon St. Albert as being an ideal satellite because of its location, but if this part was controlled, I suppose there would be no chance of the two joining, in fact they are so different in its characteristics from a normal satellite that I don't think there is any likelihood of that happening. So, that is less than five miles, but let us say we had a satellite down here, I would recommend it be not less than five miles away at least to try and keep them separate and make them satellites.

I might mention that the green belt of the greater London area varies from up to 60 miles, five up to sixty miles.

THE CHAIRMAN: Mr. Dant, how rigid is a green belt area as to boundary, outside boundary or inside, for instance -- ?

A What can you have in the green belt, is that what you are after?

THE CHAIRMAN: No, what I wanted to know is: is the green belt on the city's side rigid and fixed so that there

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THE CHAIRMAN: (Cont.) is no possibility, supposing that this green belt is designed for a population of 350,000, does the city stop at 350,000?

A Oh, no, I don't think so, that's just an estimate of how many people could be accommodated in that grey area. It is premised on this: that if the Province goes along with the satellite theory, before we reach that 350,000 we would have started satellite towns, so that growth will be either there or here, but, in any case, even if the city growth filled up completely all that grey area, it's obvious that we would have room for either increasing that population or changing its composition by redevelopment schemes in the old obsolete parts. There is constant rebuilding and building going on all the time, but if the satellite principle is accepted, then it is our idea to limit the core growth within that grey area from spreading out at least within a foreseeable twenty year period. At that time we may have to readjust our thinking. There is that flexibility in it. That is my conception of it.

THE CHAIRMAN: The conclusion I draw, Mr. Garside, is that the green belt, the type of control that is vested in a green belt is not a rigid control, it may be in the light of the development of the city, may be adjusted from time to time, is that your understanding?

MR. GARSIDE: That's so.

A I think that's my idea. I don't think you want to have any more documents thrown at you, but I have

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A (Cont.) written several reports on what I consider to be the function of the green belt and the satellite theory, and if you would like another document, I don't want to foist it on you, but I have felt though in this discussion that there have been many contrary opinions on the green belt and I know there are, a lot of people think differently, and I think differently from the existing one of the District Planning Commission at least in some of its terms of permissible or non-permissible uses. I remember that question of the Steer property when Mr. Gertler was down here. So, if you want another document, but I don't necessarily suggest I write, I don't want you to waste your time, but if you like to read it, you are welcome to it.

THE CHAIRMAN: You have one written already?

A More or less, I have got three or four written, but I could --

THE CHAIRMAN: Combine the --

A Take the gist of each of them and put them into a neat tidy copy.

THE CHAIRMAN: Would you like to read that, Mr. Hayes?

MR. HAYES: I don't know whether I would like to read that or not.

THE CHAIRMAN: Mr. Dant, if it isn't too much trouble, I would suggest that we will receive it, pro forma is the kind of thing that we have been receiving, and that you will file it a little later, and we will give it a number to-morrow. Will that be agreeable to you?

A Surely. There is one other thing I might mention at

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A (Cont.) this time about this area immediately outside that black line. I look upon control as being more intense there than it would be five miles out. I think you understand --

THE CHAIRMAN: Two miles?

A Yes, in other words, if we are to have a green belt at all, the obvious places where it is going to be weakest would be on the ultimate fringe of the core, so that may give you some thinking in your minds that perhaps a green belt should be controlled by layers, strata as you get further away from the core.

THE CHAIRMAN: You will include that statement --

A Just ideas I am throwing out.

THE CHAIRMAN: -- in your paper that you are going to prepare, the possibility of development by distances or layers, as you call it?

A Yes.

MR. DAVIES: Mr. Dant, was the existing green belt devised by the District Planning Commission and the City Planners Department in conjunction, working in conjunction with one another?

A That is the present way it works as we have part of the existing green belt in the city limits and partly out. I don't think it matters too much other than the fact that, as you have already heard, the District Planning Commission's control is very shallow or loose, or, by virtue of its constitution, whereas within the city limits we could make a better job of it, but I think it would be better to have the green belt in one authority or in one planning

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A (Cont.) group at any rate rather than have the two, which would be the case if these proposals went through as they are and the green belt wasn't being created outside that thick black line.

THE CHAIRMAN: But, in that case, Mr. Dant, the obvious conclusion would be that the green belt would be under the jurisdiction of the District Planning Commission?

A That's right.

THE CHAIRMAN: On which the city would be represented?

A That's right, or the Regional Planning body. In my original report I was speaking of a regional group rather than a small district group.

THE CHAIRMAN: Would you have three?

A No, no, no.

THE CHAIRMAN: Just two?

A No, just replacing the functions of the District Planning Commission with a Regional.

THE CHAIRMAN: A Regional one, very well. Mind you, there are three in Calgary, so don't look at me as if I were --

A No, I don't think you want any more than you have to.

THE CHAIRMAN: That's what I thought, but I thought I would like to hear what the planners thought.

Q MR. GARSIDE: The Town and Rural Planning Act provides for a municipality being able to create an Advisory Committee, and Commissioner Davies asked if such a committee had been appointed by the City Council. Could you tell him the answer?

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A When I first came to the city in 1949 the only planning instrument that we had was the Town Planning Committee. By "instrument" I mean a body of people looking after the functions. We have, of course, a zoning by-law.

When the Town Planning Act of 1942 was subsequently amended just after I got here, to form for the first time the Town and Rural Planning Act, well, at this time the old Town Planning Act of 1942 was amended for the first time to be read as the Town and Rural Planning Act, '51, I think it was, or '50, and clauses were --

Q I will just draw to your attention its bysection 10?

A Yes.

Q The amendment is Section 10?

A That's right.

Q Chapter 71?

A That's right.

Q Of the Statutes of Alberta, 1950?

A This is 1950. Clauses were put in it taking into account something instead of this Town Planning Commission which was then abolished and, incidentally, is abolished throughout the Province now, there is no such body by that terminology, and the idea was that the old Town Planning Commission which was composed of a group of lay people who were doing this work voluntarily without too much experience and knowledge of it, albeit putting in their time, would be better if we had two groups instead of one; one being a technical group which was thereafter named

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A (Cont.) the Technical Planning Board, and the other group which would be purely for public relations to get the public stimulated in the principle of planning, called the Planning Advisory Committee -- Commission, I mean.

This Planning Advisory Commission as it was worded in this Act of 1950 is different from what it is worded now in the 1953 consolidated copy, I want to make that point because its terms of reference were very general in the '50 Act and a little bit more explicit now under the 1953 Act because it has another function now. The City adopted the Town Planning Board thereafter, but at that time we heard that the Community Planning Association of Canada, another group altogether.

THE CHAIRMAN: Yes.

A Which had then been created in 1946 in Ottawa was likely to come into this Province, in fact was being talked about at that time, and indeed became established in 1951, and its function or its work was more or less identical what would have been a group that was composed -- this Planning Advisory Commission, so we felt it was redundant and unnecessary to have two groups, and hence we never took up that clause in Section 10, 1 and 2 of the 1950 Act because we had the Community Planning Association instead.

However, in 1953 when interim development measures had become more known, and particularly under the administration of Mr. Lash, it became more definite in its reasons for this, that there is no need for a

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A (Cont.) city to have one, but it was necessary for the smaller areas around it, so, in a nutshell, we never adopted this planning advisory group at our level.

THE CHAIRMAN: Mr. Dant, has the Community Planning Association been active?

A Very active.

THE CHAIRMAN: And has made real contribution?

A Oh, I think so, very definitely, it meets every week in our Branch.

My latest information is that every Province now without exception has its group. Saskatchewan came in this last year. We have been very active and do a lot of public acclamation from the central office. You might know, that this Community Planning Association is financed by the Government, the central government, the Federal Government through Central Mortgage and Housing Corporation and it has done a good job.

THE CHAIRMAN: Who is the ranking officer here?

A Well, we have, we had what is called the National Councillor for Alberta who represents this group, Professor Card of the University of Alberta and we also have a division which is the Province and a Branch which is the City. Mr. Gertler, I think, is now head of the branch, and I have forgotten the person at the divisional level.

THE CHAIRMAN: Mr. Dant, we were somewhat surprised to learn in Calgary that the planning people as a Provincial group had never had meetings to compare ideas

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THE CHAIRMAN: (Cont.) and perhaps ensure that developments should not be too diverse in various areas.

Would you comment on that?

A Are you talking about the Community Planning Association in Calgary?

THE CHAIRMAN: No, I am talking about planners, no matter where they are located, if there are town planners in Lethbridge or in Medicine Hat or Drumheller or Red Deer, or is the work all done by Mr. Lash's Department outside the two metropolitan areas.

A Red Deer and Medicine Hat both have full time planners now, although I think the one in Red Deer is called a planning engineer, he combines the two functions, a man called Cole, and the man in Medicine Hat is Thompson. They are both qualified planners, but you see, Mr. Lash's group won't attack any urban area that is less than 5,000 population and which is already covered by a District Planning Commission form of set-up, and Red Deer has one and Medicine Hat, I think, has either got one or is about to get one, and the same thing with Lethbridge, so Mr. Lash's group does everything else other than those areas and anything more than 5,000 population, but possibly his pool should be bigger, I think, Mr. Lash's pool of planners. That is the idea, is to release the matter, as it were, and let them work on the small areas like Ponoka and things like that. I don't think he has got enough staff to cope with the heavy demand. They are doing a

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A (Cont.) good job, mind you, with what they have got, have done several little plans for little towns, but nowhere near like they have been asked to do. The planner is an expensive creature and those small areas can't afford him.

MR. DAVIES: Mr. Dant, I didn't quite get the significance by the reference to places of population of less than 5,000.

A So I understand, yes.

MR. DAVIES: Well --

A In other words, they have a priority system according to the requests made they are prior, putting them in priority not only according to the time they come in, but according to whether they are 5,000 population or less.

MR. DAVIES: Oh, that clears it up, they are only going to deal with the ones that are less than 5,000 population.

A Well, I suppose they will come around to them in time, but at the moment the other ones are getting the nod. I think it is just a modus vivendi within the Department. I don't think there is anything in the Legislation to say that.

MR. DAVIES: You know, Mr. Dant, I presume, in the areas there are different municipal units in the Province where they haven't reached the stage where they can hire a technical planning board such as in Edmonton and Calgary and Medicine Hat and Lethbridge, or at least, the technical planning, that a number of those areas do take advantage of Section 89 of the

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MR. DAVIES: (Cont.) Act and have planning advisory commissions, did you know that?

A Yes.

MR. DAVIES: Leduc has, the Town of Leduc has a Planning Advisory Commission, for example.

A That comes under the '53 Act?

MR. DAVIES: Yes, this is amended to date.

A Not the one I am quoting from, this is the consolidated copy?

MR. DAVIES: Yes.

A This one was the '50 Act, that's what I meant when I have mentioned that the Planning Advisory Commission there is a little different in its substance than it is here. Would you like me to read the clause so that --

MR. DAVIES: I am familiar with the other, Mr. Dant, I am familiar with what it was before. As I understand it now, in the municipal areas where they don't have a technical planning department, for instance, the Town of Leduc takes advantage of the planning services of the District Planning Commission?

A That's right.

MR. DAVIES: But they do have a Planning Advisory Commission, in other words, the lay group?

A Yes, sir.

MR. DAVIES: And to some extent for the purpose of acquainting the public and keeping in touch with the public and developing interests in planning and the need for planning.

A That's quite right.

MR. DAVIES: And I think that that possibly is quite common in areas now where they have a District Planning Commission at least.

A Oh, yes, I think it is, yes.

MR. DAVIES: Thank you.

THE CHAIRMAN: All right, Mr. Garside?

MR. GARSIDE: That's all.

DR. HARRIES: May I ask Mr. Dant a question or two?

THE CHAIRMAN: Oh, Dr. Harries, yes.

DR. HARRIES EXAMINES THE WITNESS:

Q Mr. Dant, some of us were left with the impression when Mr. Moffat was giving evidence about the boundaries of the city, that he would propose to keep enlarging the city as the population grew, in fact, we were left with the impression that he didn't see any place for satellite development unless it be a goodly number of miles from the city. Now, I was wondering, when Campbellton was discussed, I understood that the Edmonton District, the technicians of the Edmonton District Planning Commission made the suggestion that there was an area to the north and east of the city on the south side of the river, up in about here, I believe, that would be more desirable from the standpoint of satellite development than the area chosen by the promoters of Campbellton, and I wondered whether you joined Mr. Gertler in that suggestion.

A About the proposed satellite, yes, I was aware of it and was generally in agreement with the idea of it. It was about five miles downstream, I think, from the city. Well, I don't know how far down, but

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- A (Cont.) it was -- it's about five miles downstream.
- Q I believe it's up in Sections 1 and 6, up in this north east corner of the map?
- A Yes, it's just off that map, I think.
- Q Yes, I thought it was right in about here.
- A Right about here, that's right.
- Q The point that we --
- A That was Mr. Gertler's and our thinking at the time that Campbellton was discussed by the District Planning Commission, as an alternative site.
- Q I wanted to be sure, Mr. Dant, that is your opinion now that there would be room in a planning standpoint, from a planning standpoint there would be room for a satellite town up in an area such as we have just discussed.
- A I still subscribe to that idea.
- Q That would be a perfectly proper way of looking to the development of this greater Edmonton area?
- A Not only there, but in other spots too. That was just one good site which we felt would have some purport with the basic petro-chemical industries doing what they are now, clinging to the river in that general area.
- Q And would it be your thought as a planner, Mr. Dant, that a satellite town in the area we have just discussed would have within its borders petro-chemical development and a balanced assessment, or would it **in part**, **in part** be a dormitory for existing petro-chemical development or development that might go east of the present area.

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A It would never be in the form of a dormitory if my conception of satellite was the right one. It would be a full town; it would have its own industry, petro-chemical or otherwise, is immaterial to the thinking, but it would be a self-sustained community without any reference to what we have got now, I mean, to existing industries. Of course, people might prefer to live in it and come and work in existing petro-chemical industries, but that wouldn't be the correct basis of creating this new town.

Q Otherwise, as I understand it, while initially at least you might expect a good deal of commercial intercourse between the present petro-chemical development and this new town, the idea would be that as the town developed and reached what the planners would call its optimum, that it would be a self-contained unit in the true satellite sense as it has been discussed?

A That's right.

DR. HARRIES: Thank you very much.

A You have mentioned too, Mr. Harries, about Mr. Moffat's thinking. Now, so far as I am aware he hasn't told me that he has not abandoned thinking in terms of satellites, but I do personally differ, I think, with his current opinion about this thick black line around the grey area going out by degrees. Is that what you were implying just then?

Q Yes, I don't want to put words into --

A Yes, it's not exactly irrelevant, but it's a small point,

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A (Cont.) but so far as my thinking goes that is not correct, I don't think, as things should develop. As I say, in 20 years we may have to reconsider the whole arrangement, but within that time I think we should create a limit to which urban growth can go, for lots of obvious reasons, for instance, the city council for determining its utility problems year by year, and not on a year by year basis, but on a five or even ten year program. Otherwise, you see, it gives you a term of reference; you have a boundary and a fixed number of acreage, you can determine things in advance on a long term program.

Q Just one more question, if I may, once again, I understood Mr. Moffat to say that as the residential area adjacent to the industries builds up?

A Yes.

Q That he would not be surprised to see it jump over the industrial area, and we would have a development within the city but in the area of the Campbellton site. To the extent that I have described his idea correctly, would you find yourself in agreement with that.

A You say, a jumping over the industrial area within the city?

Q He suggested --

A Within the city?

Q He suggested, as I understand it, Mr. Dant, that the city boundaries might have to go out further to the east to include what is now the Campbellton site, with the idea that there would be residential development

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Q (Cont.) in that area which would be part of the city.

A Now, first of all, could I ask you this before I answer: are you suggesting that this is what might happen if we didn't have the right control outside, or are you suggesting that he suggests that this is the logical thing to happen?

Q I am suggesting that he intimated it was a logical development as the area grew?

A I don't think so, because --

Q We didn't either, Mr. Dant.

A According to Mr. Gertler's and my calculation, would provide for a population, and by that I mean enough living quarters and enough working quarters for the 350 or 375 thousand people, and I don't think, if that is to be the thing, there is no need for them to go out beyond that point because the area between the petro-chemical industry now and the city existing limits are such that there is a lot of, lot more housing accommodation could be made available which could take up the surplus of workers in the petro-chemical industry or new ones to come. You have got to remember that the density of workers in the petro-chemical industry is much lower than a lot of people believe, and hence, I mean by modern, modern forms of industry employ much less hands than they used to, and we have worked out that if you take in Sections 118, 28, 249, 21 and 19 plus these other areas I have been mentioning on the south side between the Chemical, Canadian Chemical plant and the city limits, there will be sufficient

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A (Cont.) housing down there to cope with complete expansion of the petro-chemical industry within the grey area, as I see it.

Q This area that we have often discussed is 50th to 75th Street and may be the Gold Bar Farm area?

A According to the District Planning Commission plans, this area in here and that are zoned for residence.

Q That's right.

A This is currently zoned for green belt, but in our proposals, and I think that the District Planning Commission has formally agreed, that that should go for housing eventually if we are going to get this larger area, although it hasn't been done officially. Our estimation is that this housing that is possible in these areas will be sufficient to take in any workers that happen to work here plus any possible new industries which will come to the area here, but not outside, in other words, as I see it, there is no need for us to go beyond that limit.

MR. DAVIES: Mr. Dant, for the purposes of the record, you didn't designate where you were pointing. Your statement is that the mile strip that it be proposed to annex on the north end of the city would go to residential use, and east of the present city limits on the south side from 75th to 50th Streets would go to residence, residential use?

A A little further than 50th north of Highway 16, it goes right up.

MR. DAVIES: And north of highway 16 as far as the river?

A Yes, up to the brink of the creek just before the Imperial Oil refinery.

MR. DAVIES: Thank you.

THE CHAIRMAN: Any other questions? -- have you any questions, Mr. Hayes?

MR. HAYES EXAMINES THE WITNESS:

Q Mr. Dant, would you indicate on that map how much the green belt has changed since we started the hearings of this Commission?

A Now, as it was when it was created and what we are proposing now?

Q Yes.

A Righto. This dot-line here, I don't know if you can see it, links up with this fellow and went right across here and down here. That was the limits of the green belt of the District Planning Commission, and it included this strip of the city in here and little pieces down here in the Whitemud Creek area, that was the green belt as it stood at that time, or, as it stands now. Officially, but very theoretically, now it is proposed that this piece, if my understanding of the city's thing is correct, this piece and that and everything that is between the city limits and this black line, within this old one, not here, but within here, is coming out of the green belt, in other words, the new green belt will be outside this line, so that this little piece is the same; this is still the District Planning Commission's set-up.

Q Where was the green belt down through this eastern

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Q (Cont.) area, where was the green belt, the original one there on the east side, Mr. Dant?

A I'm not too sure, it has been changed once or twice through the years, but I think probably part of this is green belt, not all, this C.I.L., I mean, Canadian Industries in here. This is green belt, I think, in here. I can't really remember. I think there is a piece in here which may have been changed recently, and there were other pieces down in here which was green belt but which have been changed in my time in the District Planning Commission to industry at the request of Strathcona and little pieces taken out of here from the green belt at that time.

Q Mr. Dant, do I understand that it was approximately a mile and a half wide at its widest portion and approximately a half mile at its narrowest one.

A Yes, that's a good average, I think, Mr. Hayes.

Q And now the thinking is that it must be a much wider zone?

A Well, you probably recall that the District Planning Commission had two green belts, "A" and "B"?

Q Yes.

A I don't think it is necessary to have the two myself, just call it one, but one of them went out about a mile and a quarter, but the other one was wider in its general feeling, but the green belt as it was created at that time was not done, I don't think, with much knowledge of satellite development. It was done in about 1952, I think, when very ^{few} people in

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A (Cont.) this Province knew anything about satellite growth, and it is only in these recent years that knowledge has been growing about it in people's minds and the phrase is becoming more popular, shall we say, or more unpopular, but the reason why that line was created at that time, this dotted line, was that the District Commission's staff after it was established decided that the whole area, the total district area was too big for taking into the Province immediately adjacent to the city limits, immediately outside the city limits, so they created two jobs within their function; one was the metropolitan plan, and the other was the district plan, and all this was to do was to create a boundary line very -- not too -- it didn't mean anything except that in working out the problems immediately around the city they limited their thinking on detail to this line. That was what they called their metropolitan plan, but within the framework of that they were also considering the total district area, and it so happened that boundary line was chosen for want of some starting control of the green belt as being the limits of the green belt at that time. That's how the green belt zoning finished up at that line at that time. It was never conceived outside the metropolitan plan rather than the district plan.

You probably remember when Mr. Gertler was here, he described he has got the two different schemes going hand in hand, the larger Edmonton one and the district one.

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A (Cont.) These words are awfully confusing, I know, because you hear the same words used for different reasons all over the place.

Q In the main is the rural area presumed to be responsible for supplying the land for the green belt?

A No, I don't think so. You come back to that question now of who is to be responsible for creating the green belt and its administration. Well, you might remember that I made some brief remarks about, Mr. Blackstock particularly was interested in that, and Mr. Robison, compensation would have to come into the picture before long but it really wants another full Commission to go into this matter almost, but so far as I am concerned I wouldn't like to say that the rural people are to be responsible for supplying the green belt. It should be part of their land, it's not quite a facile statement as that. There will have to be machinery to make that fair. If there is to be a green belt, to make it fair for the owners that they don't get the thin end of the wedge, as it were.

Q It just seems to me though that you could satisfy the people within the city if they were in the green belt, to simply move the green belt out a little bit and you would satisfy them, but possibly you haven't satisfied the other people.

A No, it wasn't done for that reason, Mr. Hayes, in the first place we know that our utilities can expand up to certain distances without adding to our existing plants any more than is proposed, and it seems foolish

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A (Cont.) to waste an area into which it can go economically which includes some of this green belt which you are talking about in the city. The second thing is that foolishly or rightly or wrongly the part of the city in the green belt originally was so scattered with houses that it was rather a silly decision to include it in the green belt. By that I mean, this area that is known as Wellington Park, Grand View Heights, Namaso Park and Rosslyn, they are pretty well peppered with housing now and always have been since I have been here, and if you wanted a really good green belt, they have gone beyond the stage where you could create one there without tearing it all down, so that there are different reasons why our thinking was to take this out of the city limits. It never entered my mind, at any rate, that we are taking it out because we didn't want the darn thing in the city, we wanted to give it to the rural people. Just like I have suggested, that in my thinking housing would ultimately come into here just outside the city limits now. It would be rather foolish to maintain this green strip within it if you could separate the housing here from here. It's just the logical expansion out. So far as I am concerned I would still like to see this part included down here because when I came to the city first, proposal was made by a Provincial Government official that maybe one day they will create a National Park or Provincial Park stretching from Whitemud Creek right to the Rockies, varying in width

A (Cont.) from the river, and it's a lovely idea, as I saw it, and the Whitemud Creek was a perfect finish for it, if it was to be made into a parkway, bring the roads right into the city through this Whitemud Creek area. It would have been a beautiful finish to it.

MR. HAYES: That's all.

THE CHAIRMAN: I think that's all, thank you, Mr. Dant.
(The Witness Retires.)

MR. GARSIDE: Mr. Pollock.

JOHN POLLOCK, recalled on his former oath, testified
as follows:

MR. GARSIDE EXAMINES THE WITNESS:

Q Mr. Pollock, you are still under oath?

A Yes.

Q Among the exhibits which were filed and arose from your office was one dealing with the question of tenants in one family dwelling units and apartments?

A Yes, that was as a result of our survey on the 15th of May last year.

Q Commissioner Davies, I think, wanted to question you particularly about that particular exhibit and to find out as far as he can the number of tenants in these dwellings. Can you give him any information at all that would be of use?

A Well, all I can state is that in a lot of these single family dwellings amounting in all to 38,070 there are included in some of those buildings, basement suites, of which no official recognition has been taken when we compiled these statistics in

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A (Cont.) the past. We are hopeful that the weather clears up to start our annual census within a week's time, and one question that we will definitely try to ascertain is the number of basement suites in the city in order to have more information as to the dwelling units.

This condition has arisen since the war and it was never brought forcibly to our attention until Mr. Commissioner Davies questioned us on it and we saw that we were somewhat incomplete in the information that has been furnished.

MR. DAVIES EXAMINES THE WITNESS:

Q Mr. Pollock, have you got Exhibit 222E there?

A This long one.

Q I wonder if I could, it would possibly save some time, I will just hand you a statement of some conclusions that I have arrived at on the strength of that exhibit, and if you don't mind, I want to use the figure 1953 because the financial statements for the year 1953 are the last financial statements we have.

A Yes.

Q Now, I will make these comments in respect to this Exhibit 222E. First, that exhibit shows that the total number of single family dwellings owner-occupied are 27,442 for the year 1953?

A Yes, I haven't got that information here, yes, pardon me, yes.

Q That's in 222E?

A Yes.

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- Q And then if we add the total number of single family dwellings tenant-occupied, that's 8,010?
- A Yes.
- Q And then that gives us the total number of single family dwelling units in the city, 35,452, that's right?
- A Yes, that's correct.
- Q If we take a break there and go down to the next item, it says "Total number of dwelling units of all kinds", and the figure for '53 is 45,368?
- A That's right.
- Q For the year 1953. Now then, less number of single family dwelling units that are owner-occupied, 27,442; number of tenant units 17,926. That's just purely a question of subtraction?
- A Yes.
- Q Now then, I have a blank column here that isn't filled in. "Add estimate of number of tenant units that are in single family dwellings", now, that's what we don't know, but I want you to estimate,
- A Well, to the best of my judgment I would think at the moment there would be about 3500 single family dwellings.
- Q So that with that estimate of 3500 we now arrive at total estimated number of tenant units of 21,426.
- A That's right, sir.
- Q Do you know any way we can get, arrive at some estimate of the tenant population of the city at the present time?
- A We are endeavouring to do that, sir.

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Q For the Commission for the purpose of making its study in respect to utilities?

A I think it might be available about the latter part of May.

Q Well, we have now arrived at the conclusion that there are 27,442 single family dwelling units owner-occupied. Would you agree with me that we could take an estimate of the size of the family, the average size of the average family and multiply that by 27,442 and maybe strike some sort of a calculation as to the population in the city that's in single family dwellings?

A I think possibly we could.

Q For the year 1953?

A We are also endeavouring to bring out a figure to give the number of families in the city as a result of the census, in addition to basement suites and any other suites that might be in single family dwellings. I think that information might be of interest to the Commission and that should be available sometime in the latter part of May.

Q Well, we have here Exhibit 154E filed by the city, population figures for the year 1953, shows that the total population of the city in 1953 was 183,411?

A Yes.

Q Do you think that approximately half of the population of the city are tenants?

A No, I would like to study our statistics with reference to the number of families. We have that too, the

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A (Cont.) persons under 21, I don't know whether that was filed as an exhibit or not, but we have a definite figure on that, but I haven't got it with me, a breakdown in the population figures giving the number of persons under 21 years of age.

Q Mr. Garside, I wonder if I could interrupt you just a moment. Mr. Dant is here. Is there any possibility that he might have a reasonable estimate that we could use for what the tenant population of the city was in 1953?

MR. GARSIDE: Mr. Dant says he has not available, but they would calculate it for you on the basis of the census figures, give you an estimate.

MR. DAVIES: I am trying to get some figure that we could use for the purpose of discussion in connection with utilities. Would 40% of the population be tenants in Edmonton in 1953?

A That would be a conservative figure.

MR. DAVIES: I would think it would be conservative too. I think it is possibly about 45% tenants and about 55% otherwise?

A Yes, it could be.

MR. GARSIDE: Commissioner Menzies may have that answer.

MR. DAVIES: We were going to suggest that maybe we would take the adjournment now, Mr. Garside.

THE CHAIRMAN: The city officials might just agree on a figure.

MR. GARSIDE: All right, sir.

THE CHAIRMAN: Very well then, we will adjourn until five minutes after eleven.

(At this point the Commission stood adjourned until 11:05 a.m.)

MR. GARSIDE: Mr. Pollock, during the recess we discussed this question of the number of tenants and their families who live in the City of Edmonton and I would like you to tell the Commission your estimate of the tenants and their families and the process by which you arrive at that conclusion?

A Well, we have estimated that approximately one hundred thousand of the population are in owner occupied premises and the remainder are in tenant occupied premises, of some kind, that is approximately eighty three thousand.

MR. DAVIES: And in respect to that estimate you have made, am I correct assuming that the people who would be living in these thirty five hundred suites, estimated suites in single family dwellings, are they included in the eighty three thousand or the one hundred thousand?

A They would be included in the eighty three.

MR. GARSIDE: And in the eighty three would be included a number of single --

A Single persons, voters and so on, tenants in some form or another.

MR. DAVIES: Now, Mr. Moffat on the 11th of March read a statement into the record as to the number of electors there were in the City of Edmonton and I would like to repeat that to you. "In the year 1953, forty thousand four hundred and seventy seven proprietary electors, sixty seven thousand two hundred and twenty three other electors, the total electors one hundred and seven thousand seven hundred." You haven't any reason to

MR. DAVIES: (Cont.) question that figure, have you?

A Well, the forty thousand four hundred and seventy seven includes, in many instances, the properties that are in the name of the husband and wife, as joint tenants and it doesn't give the total number of actual number of taxpayers or ratepayers or purchasers, proprietary electors.

MR. DAVIES: Now, this figure of one hundred and seven thousand seven hundred would represent, in 1953, the total number of people in Edmonton who are entitled to vote for Council or School Board?

A That is true, sir.

MR. DAVIES: But the only ones of that group, of that group of one hundred and seven thousand seven hundred who would be entitled to hold a seat on the Council would be, would be in the class of proprietary electors?

A That is quite right, sir.

MR. DAVIES: So there is a large body of population in Edmonton who are utility patrons and who contribute to the revenue and taxation which the utilities have in Edmonton but who have no right to sit on the City Council in Edmonton?

A That is quite true, sir.

MR. DAVIES: Now, Mr. Pollock, I have just two other items I want to deal with while you are in the box and they are not related to this matter of tenancy and ownership.

MR. GARSIDE: Before you ask that question, Commissioner Davies, when you are speaking of proprietary elections

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Q (Cont.) there are quite a number of companies --

A There are some companies, yes, there are approximately one thousand corporations included in that and the chief officer within the Province is, who is residing in the City is the person who votes for such a corporation, not quite a thousand.

DR. HARRIES: May I ask a question, please?

Does that figure include property owners non resident in the City?

A In that particular year it did not, it does now, that is persons resident in Jasper Place he is entitled to have his name on the voters' list , or Beverly --

DR. HARRIES: Well, supposing he lived --

A That is proprietary electors.

DR. HARRIES: Suppose he lived in Calgary and has property in Edmonton?

A Yes, his name will be on the 1955 voters' list.

DR. HARRIES: Yes, thank you.

MR. DAVIES EXAMINES THE WITNESS:

Q Wouldn't he be included in the proprietary electors in the year 1953?

A No, it was produced mechanically that particular year and it wasn't picked up in the process.

Q I see now, the Exhibit I want to, if there are no other questions arising on population and tenancies and ownership I am referring at the moment to Exhibit 214E. Now, this is an exhibit that was filed by Mr. Moffat on the 7th of March and it consists of a letter dated May the 15th, 1953 from R.B. Wells, City Assessor and tax collector

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Q (Cont.) of the City of Regina. Possibly, I will read this letter. It is addressed to Mr. J. MacDonald.

"I am attaching herewith summary of information re assessment and taxation received from a number of western cities. You might find it interesting to know what other cities are doing. As far as Regina is concerned I am waiting the decision of the committee going into the question of raising the building assessment from 30% to 60%. Periodically this comes up in council but in the past as soon as it is seen that, although, it will provide a lot more lower mill rate it will change the incidence on taxation in such a manner as to lower taxation on all vacant property and property on which cheaply constructed buildings are located on valuable land and would increase the tax on residential property where buildings are more valuable than the land, the 30% on buildings has been left alone, Yours truly, E. B. Wells, City Assessor and Tax Collector. "

Now, attached to the letter and filed as part of the exhibit, Mr. Pollock, are two long sheets of paper which I won't go over in detail, the first sheet has at the top, as a caption, information re assessment provided by certain western cities, 1952. The second sheet has a comparison of approximately 1952 taxes on a new house costing \$10,000.00 and that is a sheet dealing with Regina, Saskatoon, Moose Jaw, Prince Albert, Winnipeg, Vancouver, Calgary, Victoria and Edmonton. Now, looking at the first sheet and I might say first, before we go into this that this Commission is interested

Q (Cont.) in knowing what the incidence of real property taxation is in Edmonton compared with other cities in western Canada because we are interested in knowing whether or not real property in this City is paying about the same constitution or different in municipal taxes as in other cities and I think it was you that mentioned when you were here before, as also did Mr. MacDonald, that comparing taxes on similar property in other cities was one desirable measure of weighing what the weight of taxation was in Edmonton?

A That is true, sir.

Q Now, would you look at the first sheet and this one, is comparing the general taxes on a house costing ten thousand in 1952, a 50 foot lot, average location, the location would be average, now, it says Regina, \$189.00; Moose Jaw \$170.00; Saskatoon \$186.00; Prince Albert \$175.00; Calgary \$275.00 but opposite Calgary there is a comment there "no record".

A That was as far as business tax is concerned, sir.

Q That is business tax, only .

A At 8% .

Q Edmonton \$210.00, Vancouver \$240.00; Victoria, \$185.00; Winnipeg \$321.00. Now, when Mr. MacDonald, your predecessor, was here before us I understood him to say that he thought the level of taxes in Edmonton were a little higher than in Calgary on real property. Have you any comment to make on that?

A Well --

Q Just because it doesn't work, doesn't show that way on the ten thousand dollar house here.

- A The land, of course, in Calgary was reassessed last year and buildings have been reassessed this year and I understand that in, an over all reduction in the total land assessment in Calgary of about 20%, over previous years and we are still, so far as total assessment is concerned, considerably less than Calgary, our total land assessment runs around sixty million and I think that is the outside of some minor adjustments in these new localities when they are built up with and our -- It compares very favorably with Calgary, for instance in commercial land their top there now is two thousand four hundred dollars a foot and it is the same in the City of Edmonton. Our top assessment on residential land in this City is fifty dollars and on a comparable basis I think that their building costs are almost on a level with ours at the moment and their land, of course is somewhat higher down there due to the reassessment that took place last year.
- Q Aside, Mr. Pollock, from this reassessment that Calgary is in just now on land and about which, you know, they are having a tremendous amount of trouble and difficulty do you feel that the level of real estate taxes in Edmonton is about the same as in Calgary?
- A I think in the main they are now about on a level, about on a par.
- Q And do you think it would be right to say that up until the last two or three years that the level of real property taxes in Edmonton was higher than in Calgary?
- A Yes, it was, due to the fact that they hadn't had a reassessment there since 1932.
- Q I am going to pass on to another exhibit sir, if no-

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Q (Cont.) body wants to ask any questions on this score.

DOCTOR HARRIES EXAMINES THE WITNESS:

Q Mr. Pollock, I believe the suggestion is that by increasing the building assessment as a percentage of some actual year's value, from 60 to 100 that you would distort the relationship between land and buildings from what it formerly was?

A That is quite true it would if we, all the buildings in the City were assessed at 100% it would add an additional tax load of about 11% on the residential load.

Q The same effect, namely the effect of changing the relative tax contribution of land and buildings comes about when you make a reassessment of either land or buildings separately, doesn't it?

A That is quite true, sir.

Q Do you have any, could you give the Commission an indication of the extent to which your reassessment of land this year has altered the relationship between land and buildings as it affects, particularly, residential property?

A Well, I think it brings it into line, it is, it is a fair reflection, there is no definite yard stick to value it by but it ^{is} generally accepted that a twenty thousand dollar house should be constructed on, as I see, a two thousand dollar lot so that 10% of the value of the home, that is the general yard stick that is used, a ten thousand dollar home would, that is the actual value of the home, I am not talking about the assessment, would be built on a thousand dollar lot, that is a very rough yard stick.

Q But the point I was interested in, Mr. Pollock, was to the extent that there has been an alteration because of your increased land assessment on residential property then you have, there is a more of a burden, not unjustly, I am not suggesting that but you have in fact thrown more of a burden on the land that you had on land a year ago?

A That is quite true.

Q Now, by the same token I presume that a reassessment of buildings, which will be undertaken next year and the year following --

A We don't propose to have to disturb the basis at all, so far as buildings are concerned, rather we propose to examine all the buildings in town with a view to applying depreciation to them and in many cases picking up legal alterations and so on which will more than offset any depreciation that may be allowed, we hope.

Q So, that to the extent that there will a change in your residential building improvement assessment, then, you will once again switch either one way or the other from what it was in 1950, 1954.

A We don't propose to disturb the base, because in each instance it bears a fair relation to land and to buildings at the present level, which is approximately 1944-45 base and we believe that to be a fair base to work on.

Q Then, I was going to ask you this question. Would you not be able to accomplish the use of 100% assessment on improvements by doing one of two things, either

Q (Cont.) shifting back your base for valuation from the 1944-45 to some earlier period, or, in the alternative, if there, if the improvement assessment of 1944-45 base was deemed reasonable in '50 and '51 we have had since 1950 and '51 almost a 20% increase in construction cost. And consequently could you not actually move to a 100% assessment on improvements using the 1944-45 base and still maintain a reasonable ratio between land and improvements?

A I don't think that could be quite possible because there is, there are lands, lots of property, lots of areas in this City that within the next several years a re-examination will have to reduce the assessment because they are depreciating in value. We recognize that factor and there is no way that you can increase the land on an over all percentage basis and if you disturb them in any way it is rather dangerous, you will have inequalities, we have got to stay on a definite base in all our valuations.

Q But to the extent that you might, sometime in the future, find it necessary to change your base then at that time you could move to a 100% assessment without working any major inequalities of the type that have been suggested, of the type that you suggest would result in 11 mill increase in --

A 11%.

Q 11% increase in the burden on residential property?

A Well, it would be a very difficult formula to work out and I think that our present method of approach is a fair and equitable one, I think it would be sustained by the Alberta Commission; to disturb the present base, I think, would be very dangerous.

Q What I am suggesting to you --

A We use a different base --

Q What I am suggesting to you, Mr. Pollock, is that there isn't any magic in 60% as it can be said to produce a fair balance between land and the buildings and that you could have just as magic a relationship by using the 100% if you choose the particular time to make the switch that reflected changes in your, in your relative values.

A It threw out the relationship altogether if you put the land and buildings by doing that, if we switched the base.

Q But by switching the base without changing the percentage you would throw out the relationship and therefore presumably you could change the base and at the same time change the percentage up to 100 and get the same relative relationship that you say now is desirable?

A I will have to give that lots of study, sir.

THE CHAIRMAN: Any questions on this phase of the --

MR. HAYES EXAMINES THE WITNESS:

Q How about this period prior to the new assessment? Was Edmonton's tax higher or lower than Calgary's prior to the new assessment?

A Well, Calgary went up, I think, to 64 there, a couple

A (Cont.) of years, 64 mills but this, of course, they had a lower assessment.

Q Yes, that was after their assessment, wasn't it?

A No, that is prior to the assessment.

Q Prior but then, in relationship with Edmonton to Calgary at that time were you higher or lower?

A Oh, I think with our reassessment we may still have been slightly higher than in Calgary.

Q After your assessment, let us go back to the period, prior to the period of reassessment?

A Prior to that we were higher than Calgary.

Q You were higher?

A We were higher, yes.

Q Approximately how much?

A Well, I haven't got the information with me, sir, but I would --

Q But you were a little higher?

A We were higher than Calgary.

Q You wouldn't say five percent, ten percent.

A It would be very difficult, sir, unless we examined the assessment and so on.

Q Yes.

A To weigh the thing properly.

Q But generally?

A Generally we would be higher.

Q You were slightly higher?

A Yes.

THE CHAIRMAN: Then, Mr. Davies, carry on.

MR. DAVIES EXAMINES THE WITNESS:

Q Now, I have before me, Mr. Pollock, Exhibit 221E, Estimated Land Assessment, 1955. I am just wondering if you were in the position to give the Commission what the anticipated total assessment is in the City in 1955 on land, improvements thereon, total and I am particularly interested in the net assessment, of course?

A Yes, the total net assessable, taxable assessment in 1955 will be two hundred and thirty two million two hundred and fifty eight thousand five hundred.

Q Does that include business tax?

A No, sir, it does not.

Q No business tax, have you got any --

A That is, that is property taxes and anticipated revenue, a million three hundred and fifty thousand dollars on business tax.

Q How much again, please?

A One million three hundred and fifty thousand dollars.

MR. HAYES: That is revenue?

A Yes.

MR. HAYES: On how much of an assessment?

A Well, that would represent approximately 11% of the assessment.

MR. DAVIES: Now, does this net assessment figure of two hundred and thirty million, was it two hundred and fifty eight thousand, five hundred?

A Two hundred and fifty eight thousand five hundred, sir.

Q Does that include the Northwestern Utilities plant assessment and assessment of the utilities?

A It does, sir.

Q That includes Northwestern Utilities at three million two hundred thousand?

A It includes Northwestern Utilities at four million four hundred thousand.

Q Can you tell me, from recollection, if I am correct in assuming that the Northwestern Utilities assessment in 1954 was three million two hundred thousand?

A That is correct, sir.

Q Does this include the five City utilities of ten and a half million?

A Yes, it does, sir.

Q And the division of that total net assessment of two hundred and thirty two million two hundred and fifty eight thousand, five hundred dollars, as far as land is concerned --

A The land, I haven't got the exact figures with me, I am, just, pardon me, I have them, sir, the land, 1955 land assessment will be sixty one million one hundred and twelve thousand four hundred and twenty.

THE CHAIRMAN: Which, Mr. Pollock, is how much below Calgary as you recall it?

A Well, there are no figures available at all but I notice from this morning's Albertan from Calgary that they haven't, there are no statistics whatever, no idea, I think it will be a drop of about 20% from the figure of 95 million reported last year.

THE CHAIRMAN: 95 it was last year.

A I think it will be 20%, 20 or 25, the Calgary assessor

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J. Pollock - Davies ex.

Dr. Harries ex.

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A (Cont.) was down about a week ago, say 10 days ago --

MR. DAVIES: In the Edmonton Journal of March the 14th there was an article, I will tell you what the heading was, new City Assessment adds one million seven hundred and fifty thousand to tax yield. Is that roughly speaking correct, that heading?

A Well, the gentleman that is responsible for that heading is sitting right here in the audience, sir, the Journal reporter so --

Q But you are the gentleman who is running the office that this is supposed to come from?

A Yes, sir.

Q I just want to know whether or not that is roughly speaking correct?

A That is very roughly speaking correct.

Q Is that based on the basis of the 53 mills in 1954?

A I didn't calculate it, I didn't check that figure, I imagine it would be.

Q That is all, sir.

DR. HARRIES EXAMINES THE WITNESS:

Q Could you indicate to the Commission the extent to which there has been a change, if any, in the relationship between your industrial, commercial assessment and your residential assessment by virtue of, on your 1955 tax roll.

A Of course, when we increase the assessment on downtown properties, and, by the way some of them have been very substantially increased this year, where there was a 25% increase or a 20% increase on a two hundred thousand

- A (Cont.) dollar lot which produces a lot more than, revenue than a higher assessment than any percentage increases applied to another area but on the downtown, of course, that particular section it includes, on the roll, includes a lot of residential property in the Bay but the over all percentage increase in that district is about 25%.
- Q Well, I am sorry, Mr. Pollock, I didn't make my question clear . There has been, there have been a number of exhibits put in dealing with the relationship between the commercial - industrial assessment on one hand and the residential assessment on the other and I think Exhibit 130, which was a statement by Mr. Hodgson, indicated that the relationship was approximately 45 industrial-commercial and 55% residential. Now, my question was --
- A Oh, yes.
- Q -- that the, this new tax roll that you have out has there been a change in those percentages and if so what has the change been?
- A There has been very little change in the percentage, very little in the over all percentage.
- Q Has it been, gone in favor of industrial-commercial or in favor of residential?
- A Some percentage is worked out but I don't know if I have them with me, it was very minor, I am sorry, I haven't got the figures available for last year to make a comparison but I know they ran off some figures last week end and it is very little difference, in the main it was the same, the figure on the total,

A (Cont.) as far as the total assessment is concerned, relatively little change.

Q I wonder if it would be useful --

A I don't think it would be even one percent.

Q I wonder if it would be useful to have that figure, just for what it is worth, on the record if Mr. Pollock could obtain that information.

A I would be very glad to obtain that information for the Commission.

THE CHAIRMAN: Now, Gentlemen, are there any other questions of Mr. Pollock. Then, Mr. Garside, thank you very much, Mr. Pollock and if you will get this information that Dr. Harries has asked for and let us have it sometime.

A Be very glad to do so.

THE CHAIRMAN: Yes, thank you very much, sir.

(The witness retires.)

THE CHAIRMAN: Now, Mr. Garside, perhaps you could enquire of Mr. Menzies the time, at this time we have twenty minutes and then I understand Mr. Menzies that it won't be possible for you to come back this afternoon.

MR. MENZIES: I will cancel the meeting, I think maybe I can cancel it, that is all right, I can cancel that one this afternoon if it will help.

THE CHAIRMAN: Yes, it would be of ^avery great obligation to the Commission because we obviously want to conclude this Hearing.

MR. MENZIES: Do you think it will take more than this afternoon?

THE CHAIRMAN: Pardon?

MR. MENZIES: Will it take more than this afternoon.

THE CHAIRMAN: Well, my forecast would be no but still
I would like --

MR. MENZIES: Well, I will try --

MR. DAVIES: I would think it would take more than
this afternoon, Mr. Menzies.

MR. MENZIES: I couldn't come tomorrow afternoon but I
can come tomorrow morning, I could come this afternoon
and tomorrow morning but I couldn't come tomorrow after-
noon.

THE CHAIRMAN: We can hope that your evidence will be
completed by noon tomorrow.

MR. GARSIDE: Well, I will call Commissioner Menzies
now.

THE CHAIRMAN: Yes.

MR. DAVIES: If we aren't completed, Mr. Garside, with
the Utilities by tomorrow afternoon could you have
Commissioner Tweddle then?

MR. GARSIDE: Yes.

THE CHAIRMAN: You are sure of that.

MR. GARSIDE: I believe so, he was in Saskatoon but I
think he is back in Edmonton now.

THE CHAIRMAN: Mr. Garside, before you have Mr. Menzies
come to the box I would like to enter two exhibits
that have come in, just so that I won't forget them,
we have the Auditor's Financial Statement for the
year 1954 for the Municipal District of Stony Plain

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THE CHAIRMAN: (Cont.) which will be number 234.

AUDITOR'S FINANCIAL STATEMENT FOR
1954 AS PRODUCED IS ENTERED AND
MARKED EXHIBIT 234E .

THE CHAIRMAN: And also some figures, or a statement, a statement compiled by the Edmonton District Planning Commission with regard to the development of, or green belt proposal in the City of Ottawa. This was asked for in connection with, when we were talking about green belts and the National Capital plan was, we had it before us and this was asked for. 235.

STATEMENT COMPILED BY THE EDMONTON
DISTRICT PLANNING COMMISSION RE
DEVELOPMENT OF GREEN BELT PRO-
POSAL IN THE CITY OF OTTAWA, AS
PRODUCED, IS ENTERED AND MARKED
EXHIBIT 235E

THE CHAIRMAN: All right, I think then you may go ahead, Mr. Garside.

MR. GARSIDE: May I ask Commissioner Davies the nature, the general nature of the questions he would like Mr. Tweddle to answer.

MR. DAVIES: Yes, Mr. Garside, the intention is this, there is no doubt that in the City of Edmonton that there is a very large measure of taxation through the publicly owned utility system and an endeavor will be made to examine the incidence, how much that taxation is, for example, in relation to real property taxation and to examine the incidence of taxation. Who does it fall upon and to compare the taxation of the utilities as at present, for example, on what it would do to the gas company franchise if the gas consumer were taxed the same as the other utility consumers in

MR. DAVIES: (Cont.) the City. And, to enquire into whether or not the large scale utility taxation in Edmonton is because the real property taxation is too low or if it is because the tax base of the City of Edmonton is too low and it hasn't got sufficient tax base. That, generally speaking, is the direction in which the enquiry will take as to what ^{it} is proposed to examine it won't be impossible to examine all the utilities it is proposed to examine the power plant in detail, the electric light distribution system in detail and a combination of the power plant and electric light distribution system and very likely on the transit system and then it is proposed to take the result of the operation of the five utilities and group them together. Since the last figure we have available is for the year 1953 that is the year that will be particularly dealt with and I think roughly speaking that outlines what is intended to do.

MR. GARSIDE: I presume questions of that kind will be asked also of Commissioner Menzies.

MR. DAVIES: Well, it was intended to ask them all of Commissioner Menzies, if he is the one that is going to deal with utilities.

D. B. MENZIES, re-enters the stand on his former oath, examined by Mr. Garside testified as follows:

Q Commissioner Menzies, when the Hearing recessed a week ago last Friday the question was asked you concerning the five percent franchise tax and the North-western Utility franchise and I think the question

Q (Cont.) was something along this line: if the area of the Metropolitan district, as shown on the plan, was included in the, in Edmonton would the 5% tax apply to all those who come within the added area? Could you give any information with relation to that question, Commissioner Menzies?

A Well, my answer to that is that I think it would be impossible to have three different types of assessment and obviously one, the three would have to be consolidated into one. I think that our Council would prefer the whole area to be covered as is the City at the present time, in other words to make the tax, the franchise tax applicable to the Towns of Beverly and Jasper Place and also to the properties now in the M.D. of Strathcona and which might be brought into the City and if that decision were decided upon it would then be necessary to go to the Utility Board and ask for another Hearing to set the, set a new rate for the whole area.

MR. DAVIES EXAMINES THE WITNESS:

Q Do you agree, Mr. Menzies, with what the Gas Company submission was, that if that 5% tax were to be imposed on the total area, have you any reason for thinking that the statement of the Gas Company official is not correct, namely, that there would be an increase in the gas rates in the City of Edmonton?

A An increase in gas rates in the City of Edmonton?

Q Yes.

A I don't see why --

Q That arose from the fact that it is only Jasper Place

Q (Cont.) and the City of Edmonton that have the same rates at the present and that the rates in the outlying, in the areas other than Jasper Place and in Edmonton are all higher. His statement was that if you were 50% higher then, of course there is no gas tax in the industrial area, there is no 5% tax in the industrial area?

A That is correct.

Q And he estimated that, if I remember correctly, that there was 500 thousand in revenue involved and to put a 5% tax on that would be another 25 thousand dollars so, I, as a member of this Commission, I have been assuming that if amalgamation took place in terms of these larger boundaries, or anything like it, that it would be necessary to raise the gas rates in the City of Edmonton and that was the conclusion of the gas company representative that was here.

A I would like to have a few minutes to think of that before I would give an answer. I would be ready to do so the first thing in the afternoon. I didn't know you were going to approach it from that standpoint because I would be guessing.

Off hand if the 5% were applied to the industrial groups out in the east obviously it would raise their rates from what is now is. In the case of Beverly, I understand the rate now being charged out there is almost 50% in excess of the City of Edmonton rate, due to the spread out nature of the Town and if the, if, what I said before was, that if we were to go

- A (Cont.) before the Utilities Board for a new rates structure presumably the Town of Beverly would benefit because it would be knocked down and while they might have to pay the 5%, at least assuming the charge to pay for that 5% on the franchise I think they would be more than compensated for, in Beverly, by the reduced rates. Now, just what the final effect would be on the Edmonton structure I would like to study that for a little while before I make an answer. I will be prepared to do that the first thing this afternoon.
- Q Of course, you see, there is no plant tax now in either Jasper Place or Beverly?
- A That is correct.
- Q And there is a plant tax and a 5% tax in Edmonton and we have just heard this morning that the new assessment on the plant tax on the Gas Company in the City of Edmonton is four million four hundred thousand so that the estimates of the representative of the Gas Company were that plant tax would go on in the industrial area and in Beverly and in Jasper Place and presumably also in other areas that are at present without the City of Edmonton's boundaries and the 5% would go on in the industrial areas, if they are included and if they were not included they would still go on in the other areas of Edmonton's extended boundaries and that it would increase rates. I just want to leave this question with you; if, that it would increase the rates and I just want to leave this question with you. If the boundaries of this area are enlarged and in

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Q (Cont.) consequence of that the gas rates were to be uniform in the total area that that would result in gas rates in the area going up and is the position of the Edmonton City Council that they would prefer to see the gas rates go up rather than to let go of the 5% tax?

A Would you mind if I answered that this afternoon?

Q Yes.

A Yes.

Q Because that might be a problem that the Commission would have to be faced with, Mr. Menzies.

A All right.

THE CHAIRMAN: Mr. Menzies, when you are preparing your answer to that question you will have access to the transcript of that, what the gas people have said and I remember the figures that Mr. Davies quotes and another one which he said would have to come into their calculations which you should possibly check before you answer.

A Yes, I will have them, that for you this afternoon.

MR. DAVIES: If you haven't got a gas company brief I would be glad to loan you one?

A We have one, I have read it once but I didn't get down to the point of figuring out -- Off hand it doesn't sound quite right to me but I would like to think about it.

Q Now, before we go on into the utility business and in case this is something that you might have ^{to} enquire about as to, there was the question of the Beverly phones.

Q (Cont.) Did you have an opportunity to clear that point --

A No, I didn't.

Q What position is there.

A I think I could get that too, for you.

Q That is as to the exact position of the phone system in the Town of Beverly?

A Fine. If you would like I could bring Mr. Brown over, the Superintendent, he will tell you the whole story of that set-up.

Q All we really wish to know, Mr. Menzies, is who owns that system. Does the City of Edmonton own --

A Oh, yes.

Q The system in Beverly, it is not ⁱⁿ the City but the evidence seems to be that they do?

A All right, fine.

Q I think one other question that is outstanding, a general question was in the City's recommendation in the enlarged area, it was proposed that the City Council should be increased from 10 to 12 and that there should be one alderman elected from roughly speaking from Jasper Place area and one, roughly speaking again, from the Beverly area and south across the river, if parts or any of the industrial area came in and that they should, have that representation for a period of five years. Could you clear up the question as to the School Boards for us because we haven't anything on our record from the Edmonton Public School Board or the Edmonton Separate School Board as to that, whether or not, if there were enlarged areas, if the

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Q (Cont.) School Boards should be increased and if so to what extent.

A Fine.

Q Now, one other general question, we heard a considerable amount about, if there were amalgamation including Beverly and Jasper Place, that they would have to be quote, "brought up to standards" now, if there is any calculations in the hands of the City as to what that means in terms of miles of sewer lines or water lines or whatever it is I would be glad to have it. For instance, Mr. Menzies, I envision this supposing this Commission were to recommend that Beverly and Jasper Place should be taken into the City of Edmonton, and it is part of the City's case that for the purposes of bringing those two areas up to standard that the cost should be shared by the City of Edmonton and by the Province and by those who were to get the benefit of those local improvements. Now, it would seem to me that if we were to make a recommendation of that kind that we should have some idea what it is, what is involved in bringing it up to standard, that is, what does that mean in terms of the present picture? Now, that might be just a statement of your engineers that is typed out or something like that, I don't desire to examine anybody about it, we have heard a lot about it but I think we need something for the record on what that consists of.

A There is two things that come in in that picture. One, of course, it is very easy to give you what bringing

A (Cont.) up to standard means; primarily it means to give them a graded, gravel street, curbing, sidewalks, gravelled lanes and utility service but when you ask me how, carrying that a little further, however, you will naturally want to know what ^{area} are we including, in other words are we putting in the whole area of Beverly or are we putting in the part that is now populated, that is even more important than the actual improvements as it affects one lot, it is what area are you taking in, because that affects the over all cost.

Q That is right.

THE CHAIRMAN: Wasn't there a figure, Mr. Garside, excuse me, Mr. Harries, you go ahead, please.

DR. HARRIES: I was just going to suggest that, Mr. Moffat said, that he would give a figure on sanitary sewers and I don't ever remember those being put in the record.

A I couldn't say that, I worked with him when he prepared the program and I know, I know what he has done but whether he has put it in as an exhibit I don't know.

Q There is also one other question, sir, for the purposes of being able to understand the exhibit that Mr. Moffat put in as the projected budget, 177 I think it is, I am wondering if it wouldn't be useful to have information, such as you have requested, for Jasper Place and Beverly for the area that is proposed to annex from Strathcona. It seems to me that there is absolutely no evidence of the engineers expenditures that would be involved for

Q (Cont.) that area. I think it is vitally necessary to have that before we can understand the budget that has been put in and which represents the best opinion of the City as to the probable cost?

A Well, we can do that in a short time, it will take some figuring if you want that.

Q Well, I presume that before you made the budget you already had the figures and in fact, to be quite frank about it, I had the suspicion that the industrial area hadn't been dealt with separately in making up that budget, it is one of the things that troubled me about the budget so that if the figures are not in existence now then I would like to know how the budget was arrived at.

A Well, Mr. Moffat will be back in the morning, I believe, you can get him to clarify that part of it because he has already dealt with that part of it and I don't think I can come in now. Mr. Moffat, I believe, is coming back tomorrow.

Q Mr. Chairman, what I am interested in, following on Mr. Davies' question and that is the actual physical facilities which they are going to lay in there, not the actual budget itself?

A That can be done.

THE CHAIRMAN: Then, Mr. Menzies, I think it is time now for the adjournment and I will expect to hear again from you this afternoon.

A Thank you.

(At 12 o'clock this same date
the Commission is adjourned
until 2 p.m. the same date.)

PROCEEDINGS AT 2:00 O'CLOCK:

DR. HARRIES: Mr. Chairman, if it is convenient at this time sir, there is a reference I thought might be of use to the Commission with reference to the statement I made the other day about freight rates, I thought I might put it on the record if you gave me that permission.

THE CHAIRMAN: Yes.

DR. HARRIES: I have reference to Mimeographed Circular Number 12 of the Research Council of Alberta entitled the Chemical Utilization of Natural Gas by D. Quon and G. W. Govier. Dr. Govier as you know besides being head of the Petroleum Engineering school at the University, is also a member of the Petroleum and Natural Gas Conservation Board.

THE CHAIRMAN: Yes.

DR. HARRIES: At page 52, dealing with the integrated petro-chemical industries, the authors have this to say,

"The biggest --."

THE CHAIRMAN: Excuse me Dr. Harries, you are not suggesting that the whole report be filed, but, you are going to read something, which will appear as part of the record?

DR. HARRIES: I thought that might be useful, I have two paragraphs to read.

THE CHAIRMAN: I just wanted to understand what your plan was.

DR. HARRIES: The first paragraph is on the bottom of page 52 where the authors state,

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D. B. Menzies -

Remarks of Dr. Harries. - 5792 -

DR. HARRIES:(Cont.) "The biggest industrial development in Alberta is lack of a large local market due to Western Canada's limited population. This population, and hence the market, is now growing at an accelerated pace, but any really large-scale petro-chemical industry would have to look to outside markets. The products most likely to be on a sound competitive basis are the comparatively high priced chemicals having large fuel and hydro-carbon raw material requirements, and whose transportation cost to market represent only a small fraction of the manufacturing cost. Products of integrated chemical industries like synthetic fibres, plastics, synthetic rubber, explosives, and fertilizers might fall into this category."

That is the end of the quotation, and then on page 55 at the bottom of the page, there is another paragraph, which I would like to quote.

"Because of Alberta's special transportation difficulties, gas export brings forth the possibility of locating plants, especially those using methane and ethane as raw materials, at the terminal of gas pipelines rather than in Alberta. One fact, perhaps not commonly realized, is that pipeline transportation of hydro-carbons, both gas and oil, is comparatively inexpensive relative to the transportation of materials by other means. Thus if the product yield per unit of hydro-carbon raw material is high then it may be cheaper to transport the hydro-carbons by pipeline and process them at the market rather than at the source of the raw material.

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D. B. Menzies -

Remarks of Dr. Harries. - 5793 -

DR. HARRIES:(Cont.) "The building of the new oil black plant in Sarnia illustrates this point. Crude oil/^{transportation}from Alberta to Sarnia is well under \$1.00 per barrel. Yield of oil black is of the order of 125 pounds per barrel so that transportation costs are less than a cent a pound of finished black. On the other hand, freight charges on shipping oil black from Alberta would probably run around 1.5 to two cents a pound, thus giving a clear advantage to ^{the} Sarnia location."

There is one other matter, I think it was Commissioner Tweddle made the suggestion, that some of the products of the refineries located in Alberta would be shipped outside the Province. He wasn't able to indicate precisely the amount. I checked the Alberta Conservation Board figures for last year, and ascertained that approximately 20% of the refined petroleum product output of the Alberta refineries is marketed outside the Province. Most of the shipments outside the Province go to the Western and Northern part of Saskatchewan, there is a small amount going up into the British Columbia section of the Peace River block.

THE CHAIRMAN: Thank you very much Dr. Harries. I should like to record that Mr. Keith has furnished the Members of the Commission with a brochure prepared by the late J. P. Barry, and having to do with the development of settlement in Clover Bar. I would like to say Mr. Keith, how grateful we are for this, and I will see that the extra copies get to Mr. Robison and Mr. Blackstock, and we shall certainly read this

The following is a

summary of the

work done in the

past year. It is

of interest to

those who are

concerned in the

development of the

country. It is

also of interest to

those who are

concerned in the

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THE CHAIRMAN:(Cont.) with a great deal of interest.

MR. KEITH: Thank you Mr. Chairman, I am sorry the binding is not what is supposed to be but it is all I could get today.

THE CHAIRMAN: Yes, now then, I think Mr. Garside we are prepared to carry on.

MR. GARSIDE EXAMINES THE WITNESS:

Q Commissioner Menzies, one of the matters which was to be dealt with during the recess, was the getting of information with reference to the Beverly Telephone System, have you any information about that?

A Yes, at the present time the City Telephone System has somewhere in the order of 180 phones connected to its exchanges/^{operating}in the Town of Beverly. There are 12 phones operating in the outskirts of the Town, or immediately adjacent, and which are attached, or hooked up with the Mutual System and operate across the northern end of the City. Mr. Brown our Superintendent advises me that he has already been approached by Mr. Bentley the officer in charge of Mutual, asking if Mr. Brown will take over the 12 as soon as possible. He proposes taking over six in the very immediate future and will take over the other six just as soon as it seems it will be economical, or, in the interests of his own department to do so. They are spread out, and present a problem if you are going to go out to an isolated spot, and pick up the odd phone here and there.

Now, he tells me that the Mutual is operating in the area approximately from the river, they may go across, I am not sure, but at

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A (Cont.) they are operating from the river across the northerly limits of the City, practically the width of the City of Edmonton, and, that they have lines going as far north as the Sturgeon River. The question naturally arises, and the question that I put to Mr. Brown was this: 'That assuming those northerly sections presently in the M. D. were brought in, what should we do about this Mutual Telephone System.'

It was as a result of our talk we felt the logical thing to do there would be to enter into an agreement with the operators of the Mutual, to stay in operation as long as they felt it was economically feasible to do so, but, as soon as the service began to depreciate to the point that it was no longer satisfactory, that we should then undertake to go in and provide telephones. Provided, of course, that the people requiring same were prepared to participate in the additional costs of pole construction over and above what you ordinarily get in the City limits. In other words, our operation up there would be very similar to what Calgary would have with the Alberta Government Telephones, they go out so far and they run into the Mutuals in the same way, and they agree on who shall take the different types of load. In Calgary obviously I imagine, what the Alberta Government Telephones do is to decide whether the thing is, whether the extension is economically sound, in which case they go ahead with the construction, if it is not they have to wait until there are enough people in the area to justify a load, and the cost of

A (Cont.) the poles, overhead and so on.

I think in general that is the picture of the phones, we are taking up as many phones as we can right in the Town of Beverly and I think, let me see, we have taken up 180 in about the last six months, we only had about five or six up to about a year ago.

THE CHAIRMAN: Mr. Menzies, did Mr. Brown mention ^{whether} in his discussion with the Mutual authorities that any such suggestion as you have just made on his behalf, that northern tier of sections, that if they should be taken into the City, if that would be agreeable to them?

A He hasn't asked them, but he says he thinks they would be glad --

THE CHAIRMAN: To continue?

A To turn the whole area over to us if we wanted it. Mr. Brown says that the poles and overhead are very old, and that they don't represent too much in capital anyway.

THE CHAIRMAN: No.

MR. GARSIDE: There was another question I think asked by Commissioner Davies, as to whether or not in your opinion the 5% Franchise tax would result if it was spread throughout the Metropolitan Area, would result in an increase in the price of gas, do you think you could answer that?

A Well, I had the opportunity of reading over the brief at noon, and Mr. Yorath made a statement that if the areas outside the City of Edmonton proper,

A (Cont.) were all brought in with the Edmonton system, and if it were decided to continue with the present system as it exists in the City. His company feels it would be in the order of \$125,000.00 additional revenue. That I might say is roughly an increase of 2% on their revenue at the present time. I had the opportunity of discussing the matter further with the Mayor at noon, just to feel him out, and, because, he has sometimes a greater opportunity of talking to the Councillors than do I. He feels it is the opinion, both his own opinion and that of Council, that they would still favour the franchise tax. They have worked under that type of operation since 1916. Even if it did entail a slight increase in the gas rates, in his opinion Council would favour same. But, I should like to put this qualifying clause there, at the last hearing before the Board of Public Utility Commissioners the City did argue that they didn't need an increase at that time, the Company didn't need it, however, we weren't successful in proving our case and an increase was given. Whether it would be necessary to revise the rates up immediately or in the near future to absorb that 125, 000 is open to question in our opinion. Ultimately, I suppose it will come into the picture, and presumably the Gas Company would ask for a hearing if we didn't do so, but, we obviously would have to do so in that we are trying to combine a group of different systems, and we have to get them all on a level footing, whether they would get their 125,000 additional, is open

A (Cont.) to question.

Q Would you mind explaining to the Commission to the best of your ability the reason upon which the Mayor bases that opinion of keeping franchise tax on with relation to its effect on the instruments of taxation?

A Well, I think that has already been given to you several times. I think Mr. Hodgson dealt with this subject pretty well, explained the theory of councils in the past, that they felt it was a good way of distributing the load, and spreading it more evenly over the whole municipality, rather than taxes on land only. One can argue both ways, but that has been the feeling of our councils for 40 years, and they do feel that that is more, that it gets at people who ordinarily don't have to pay taxes, or the share that they should.

MR. DAVIES EXAMINES THE WITNESS:

Q Mr. Menzies, the Gas Company plant assessment in Edmonton in 1954 was \$3,200,000.00, and in '55 within the City limits it is going up to \$4,400,000.00?

A Correct.

Q Which is about 33 and 1/3rd percent. I am not, I am only interested in this thing to ascertain the facts, that in itself is going to result in an increase in the plant tax of roughly speaking one-third of \$169,600.00, isn't it?

A It is going to increase our, we are going to get 53, or whatever the mill rate is on an additional one million two.

Q Well Mr. Menzies, if that is the official position of the City Council in Edmonton, that they insist on

Q (Cont.) preserving a 5% tax, ^{although} it is the only city in Alberta that has a 5% tax on a plant tax, you know that, don't you?

A Yes.

Q And, your competitor in Alberta, Calgary, hasn't any 5% tax at all. Now, if the official position of the City of Edmonton is, that even though it results in an increase in gas rates in Edmonton that the plant tax must stay, would it be correct then for me to say that, if the industrial area of Strathcona comes into Edmonton, the first thing the City in effect is doing is extending an invitation for all their rates to go up?

A That would be the effect.

Q And, is that the best invitation that the City of Edmonton is prepared to extend to industry in that area if it were annexed, is to start out with an increase in gas rates, because, there seems to be some evidence that other rates, that the tax rates might increase?

A Well, I would have to say it would be fair that both tax rates and gas rates went up at the same time. What our Council has always been arguing that the increasing of the gas rates has the effect of reducing the mill rate, and presumably that effect would be felt by them the same as anywhere else, in spite of the fact that as you are saying that it is conceivable their mill rate out there would be higher than it presently is apart from the gas argument at all.

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Q Well then, can industry in Alberta take it for granted that if it is going to locate in the Edmonton area, as far as the official policy of the City Council is concerned, they want to see it assessed with an extra 5% in gas rates?

A Well, that is what I understand their argument is, yes.

Q One other thing arises, at the present time in the industrial area, there is the Mid-Western Gas Company, and the Ajax^{Gas}/Company operating, you perhaps know Mr. Menzies?

A Yes.

Q And, they have, there is no 5% tax collected on their gas at the present time, and no suggestion that there should be 5% collected, is there?

A No.

Q What do you think as to how fair it would be to the Northwestern Utilities Limited, if they find themselves in the position that all gas that they are going to sell in the industrial area, that is, supposing it came within the Edmonton area. That all their consumers have got to be subject to a 5% tax, but, if they are Mid-Western's, or Ajax, they don't have to^{be}/subjected to a 5% tax. How would that appeal to you, if you were manager of the Northwestern Utilities?

A It wouldn't appeal to me, to be honest.

Q It what?

A It wouldn't appeal to me.

Q So that if the 5%, if the boundaries were extended and the 5% tax were retained, it looks as if, depending

Q (Cont.) on whose gas line you are hooked up with in that area, as to whether you would be paying the ^{tax} 5% ~~or~~ not in the long run.

A That is correct, there is the argument both ways.

Q Now, am I correct in assuming that this gas tax has no application to gas, except when it is used for fuel?

A That is my understanding, yes, you have in mind use, commercial use like the Ammonia Plant, where they are using the gas for other things.

Q For instance, Canadian Industries uses a lot of ^{as gas,} gas ~~not~~ as fuel?

A Yes.

To take components out of it.

Q ~~One~~ other question, am I correct in assuming that as far as the City of Edmonton is concerned, if the boundaries were extended, they haven't any objection to more gas companies operating in the area for the purpose of serving manufacturers, and not being subjected to any franchise tax, I'll put, my question isn't clear --

A They haven't done that in the past, and of course, the situation has never arisen, so, I am not in a position to express an opinion, conceivably any company in town could make an arrangement industrially to put, to have the line brought in, assuming that they could get the City to grant it ^{the} ~~an~~ easement for the pipeline of the transmission of the gas, that is the point you are making?

Q That is the point I am making, and, right at the present time there has not apparently been an industry

Q (Cont.) operating on a large enough size within the existing boundaries of Edmonton, to justify making a separate contract with another company, but, the situation already exists in industrial areas?

A Yes.

Q And, it may continue to grow in that direction?

A It could happen in Edmonton.

Q Now, all the opinions you have expressed on these points here just now Mr. Menzies, was just as a result of a conversation with the Mayor, and the City Council hasn't given any consideration as such?

A No, in that you have raised the point, I would like to go to them and get them to actually state a policy in which I think we could do, get a statement before you are finished. I think it is a subject that could be well debated.

Q Thank you very much.

MR. GARSIDE: I would just like to ask a question, to make my own mind clear on this matter, Commissioner Davies has suggested there will be an increase both in the property tax, and in the gas rates, if the pipes and gas franchise tax were imposed?

MR. DAVIES: Excuse me a moment Mr. Garside I think what I said, there is evidence here to indicate, there might be an increase in the property tax rates, that is there has been submissions from the other side of the room. I was saying that there was evidence submitted in that direction, and I was making a statement to the effect that obviously the gas rates

MR. DAVIES:(Cont.) would go up, the latter was a definite one.

MR. GARSIDE: What I would like to make clear sir, is this, assume that the gas, the tax rates do not go up, but the gas franchise is applicable. Now, what I am not sure about is that if the gas franchise is five cents, and is applicable to the Gas Company, and is spread along all the tenants and the owners, and so far, whether, that would necessarily increase the overall amount these companies should pay. You see what I mean. You said a moment ago if the gas franchise is raised, or if the taxes paid, that tends to put the mill rate down, is that right?

A It helps keep the mill rate down, that is right.

MR. GARSIDE: Well, would the amount^{by}/which the mill rate is kept down equal the amount of the tax itself, so the plant would have to pay no increase?

A No, I don't think so, in the case of right in our own operation, if we were to take off the 5%, and we had to raise the same amount of money through the mill rate, it looks as if it would take a mill or a mill and a quarter, roughly a mill and a quarter, to make up the amount we get from the Gas Company, I think it is \$255,000.00 that was budgeted for last year in '54, which is roughly about a mill and a quarter. Now, on the very low assessments, in the poorer houses, I think they would be ahead of the game, because, if the gas were brought down, and the mill rate were put up, but, you reach a point as you begin to climb up the ladder, you come to a point where it swings the other way, and where the reduction would have the

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A (Cont.) opposite effect. I don't know just exactly where it turns over, but, I ran a few figures out in my mind, and I figure on a \$3000.00 assessment it would be in the interest of such a person there, but a person with a \$10,000.00 it won't, somewhere in between there, it breaks one way or the other.

DR. HARRIES: I am wondering Commissioner Menzies whether you could indicate ^{to} the Commission what a company like the Ajax Pipelines Limited would face in the way of taxation, if the City's proposal for annexation of the industrial areas was accepted, and actually took place?

A No, I don't think I am a better person to ask that, you asked me how much would Ajax be taxed, if they did come into the City?

Q I am asking you what would be the nature of the tax that Ajax would have?

A I don't think it could be, I would have to get some legal opinion on it, I question, of course, they would have to come presumably through the City and get the easement from the City limits to the point of which it was to be finally consumed, would it not?

Q They are already there.

A You are talking about a 'fait accompli', I was thinking about a new case.

Q No, I will deal with that in a moment, I was just talking about Ajax Pipelines who cross the river, and come into Canadian Chemicals. Now, presumably, according to this map their pipeline as I remember it comes down past Wilson's farm here,

Q (Cont.) Wilson's would be this quarter I believe, yes, comes in down here, and across somewhere in here, and over to Canadian Chemical. Now, I am wondering what kind of tax would Ajax be subject to, if it was in, for that part of its line and facilities that would be in the new City?

A Well, I am sorry, I would rather you ask somebody a little better acquainted with the legal applications at the time, I could not tell you right now.

MR. DAVIES: Well, there seems a little doubt Mr. Menzies, that Ajax's pipeline would be just as much subject to a plant tax within the City limits as also would Mid-Western, and Northwestern Utilities. We know what the situation is on electricity, but, outside of the City limits, outside of the limits of cities, and towns, and villages there can't be a tax imposed on electric transmission lines except by the Province, and, the Province at present is not imposing any, presumably on the theory that electricity is a public utility and all the taxes you impose on public utilities are passed right back to the consumer. Now, it is also clear that in the City, the situation on electric transmission lines is that, the electric distribution system, is a fixed limit of 10 mills, if I remember rightly?

A I am sorry, I can't give you an answer, I am not well enough acquainted with the legislation covering all that.

DR. HARRIES: Well, will you agree with the suggestion that Commissioner Davies made that, there would be some tax imposed on Ajax, if it came into the City?

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A Well, I don't know, I don't know what --

DR. HARRIES: Well, I think --

A Well, I think it would be fair that they pay something for their right to go across our property, yes, it is fair.

Q Well, then --

A And, to operate in the City.

Q To the extent that Ajax is now paying a property tax. Well, then, that would represent an increased cost to Ajax of doing business?

A If the tax were put on, yes.

Q So that, even if there is no franchise tax put on Ajax, we can agree I presume that there would be some tax payment required from Ajax?

A Well, that is, I can't say yes or no. I am only offering an opinion, the Council might say "No". It might treat it, but, that has not been the ordinary practice, if a company gets a service in a municipality it generally pays some taxes.

Q In an urban municipality?

A That is right.

Q So that, to the extent that Ajax had to pay City taxes, they would presumably have to pass that tax onto industry that uses the facilities that they provide?

A That is right.

Q So that, even with no 5% franchise tax, we might contemplate there would be an increase in gas rates to an industry using the facilities of a utility

Q (Cont.) company other than Northwestern?

A I think that is fair, I don't know how much, but I think it is fair to say there might be something.

Q Well, I don't know how much either, but, there seems there would be some. Now, I am wondering about this case. Supposing an industry comes into the Strathcona industrial area after it has been annexed by the City, and that industry wants to obtain its gas supplied from a separate utility company. Would it be your opinion, that the City would permit that utility line to enter the City, and not be subject to exactly the same tax structure as Northwestern Utilities are subjected to?

A No, I think the thing should be equitable, should be the same for each.

Q So that, it should be the same for this new company as it is for Northwestern Utilities?

A I think so.

Q So that, we might then conclude, that this new company would be required to pay its property taxes, plus a 5% tax?

A Well, I am not prepared to agree to that, no, that is, I don't know whether it would be 5% or 1%, I don't want to be quoted as saying it would be 5%.

Q I thought we had agreed, in your opinion the tax would have to be the same as Northwestern Utilities, in order to be non-discriminatory to Northwestern Utilities?

A Well, I suppose that is true, yes.

Q Well, in that case in as much as the tax paid by the Northwestern Utilities is composed of two parts, the 5% tax, or franchise tax and property tax, then, does

Q (Cont.) it not follow this new company would be subject to both those taxes?

MR. GARSIDE: Just a moment, I would like to just point out, the only reason that the 5% franchise tax is payable, is because it is the result of an agreement between two companies. Now, the City would have no right to have a 5% franchise tax upon the Ajax, or any other company.

A They are not using our streets, they are not tearing up, not allowing them to put regulator stations all over, they are presumably not going to, that is why I said I wanted to hedge a little on the 5%, and still be equitable. The 5% bears a relationship to the concession you are granted and, I was only primarily agreeing in principle rather than in amount.

DR. HARRIES: Then, I appreciate what Mr. Garside has said, but, to the extent that Northwestern Utilities undertakes to supply industrial developments in the Strathcona area, should they then be relieved of the 5% tax in your view?

A No, I think it has to be practically broken down, it has to be one way or the other, in all possibility Northwestern Utilities --

Q Well then, in order to be non-discriminatory against Northwestern Utilities, I quite realize that a City has no automatic right to put on a 5% tax on a new utility, doesn't it follow they would pretty well have to make that kind of agreement, in order to protect Northwestern Utilities?

A But not necessarily 5%.

Q It might be something different?

A We don't tax them on their own line into our power plant, they don't pay any taxation on the transmission ^{that takes gas} line/into our power plant.

Q Why is that?

A Because, we are buying it straight, that is just the arrangement we have with them, they don't pay the franchise tax on the capital they have invested to put power, to put gas into our power plant.

Q That is really because the City wanted to get the gas cheaper, as cheap as possible?

A Well, ~~they~~ ^{they} would be treated equitably then with the line out in the Ajax, on a similar type of development. They are not being assessed anything for the privilege of bringing it to the power plant.

Q And the reason I suggest for that, is that the City doesn't want to pay tax on the gas it purchases, is that correct?

A Pardon me.

Q The reason I suggest is that the City doesn't want to pay tax on the gas it purchases?

A That is right, but it is coming back and saying Ajax is being treated, might argue that, quite conceivably they should^{n't}/be taxed for the same reason.

Q Do I understand the attitude of the City would be that they would accept that?

A I can't say that, before it is debated in Council, I would have to get Council's opinion, not mine.

Q One other question Mr. Menzies. I understood you to suggest
/ if the Gas Company costs were increased to \$125,000.00 as a result of annexation that it wouldn't automatically follow that they would be entitled to a

Q (Cont.) rate increase?

A I say, that they still have to argue their case, we felt last time that they weren't justified in their application, and we weren't successful in ours, and, there is always a little bit of come and go in those things, and whether they could prove to a board that the rate has to be increased to absorb that immediately or not is an open question.

Q What you are suggesting is that the Gas Company aren't going to be permitted an increase in their gas rates without a fight from the City?

A Well, naturally we fought the last time.

Q But, you don't have any reason other than that to suggest that an actual increase in cost of \$125,000.00 wouldn't on ordinary public utility principles result in a rate increase?

A I am saying that they claim it is \$125,000.00, I am not agreeing they will necessarily get that out of the Board hearing.

Q Well, to the extent there is an increase in costs, do you believe that they would be successful in having an increase put in the gas rates?

A It is conceivable they will get some, but whether they get all that, I don't know.

Q If there was an increase in cost they would get some increase in gas for instance?

A Well, it is fair to think they would.

Q I think it is too, thank you Commissioner Menzies.

MR. DAVIES: Of course Mr. Menzies if that industrial area were taken into the City, and if that area were made subject to a 5% tax, and the plant tax,

MR. DAVIES:(Cont.) and as a result of this that gas rates to an industrial consumer had to go up, there would be one other alternative to the Gas Company to keep its rates down, but increase the rates on domestic and commercial consumers in Edmonton, and let them pay for the increase in the area?

A That is another way they could argue.

MR. DAVIES:

Q /Do you think the City Council would look favourably on that?

A No, I don't.

DR. HARRIES: One more question, Mr. Chairman, if I may. Mr. Menzies, do you believe that differences in gas rates acts as a deterrent or as a something to encourage industry?

A Yes.

Q And, as I understand one of the arguments the City has made, they allege, because of the low Strathcona mill rate, Strathcona has an unfair advantage for industry, is that correct. It has been said that industry goes to Strathcona because the mill rate is lower than it is in Edmonton?

A I think that is an argument, yes, that is an argument.

Q Don't you think if the gas rate was higher in Edmonton because of Edmonton taxes than it was outside of Edmonton, that you might find yourself chasing industry out into Strathcona in some new place?

A You could, yes, they will go where the gas is the cheapest.

Q What would you propose to stop that, a strong district planning commission?

A No.

MR. GARSIDE: Before the luncheon adjournment, Mr. Harries was asking you something about the physical facilities and the standards thereof to be put in a portion of Jasper Place, Beverly, and Strathcona. We dealt with Jasper Place and Beverly, but I don't recall if we dealt with the proposal of the City of Edmonton in respect to Strathcona in bringing up the standards of service in the Strathcona district, when it ^{might} come into the City?

A Mr. Chairman, I didn't have the opportunity at noon to go back and check on the detail, as I told Mr. Davies. I knew what bringing up the standard means in general terms, but, over the, as to the area concerned, but, I would like to look at, or gain some further facts, and, I shall try to do that before tomorrow, I didn't have time at noon. With respect to the outlying area to which Mr. Harries referred to this morning. I think our attitude ^{that} there would be depending on developments, depending on the number of people concerned, we would act with the people in that area exactly as we deal with the people in the City limits at the present time. The greater, the more concentrated the area the more you spend on that area ordinarily; there are certain cases where you justify a major expenditure in a relatively undeveloped area. Sometimes preparatory to opening it up and so on, but, I think that our treatment of those areas out there would be exactly in line with the way that we treat the outlying areas in the City at the present time. If we felt that a road were required out there to a

A (Cont.) certain point, and if it seemed economically sound, we would argue to go over there. We might work it on the same principle as the telephones that if there was one industry, let us say isolated, and needed a half a mile of road to serve it, nothing but that industry, it might be worked out in a compromise deal, the City takes a share of it and the company takes a share of it. It is very difficult to talk on a subject like that in general terms. I could talk much better if I were pinned down to an exact case.

MR. BROWNLIE: Mr. Menzies, in connection with Exhibit 177, pardon me, 171E, which is the Pro Forma Budget. I wasn't at all clear when Mr. Moffat gave his evidence and when he discussed the projected budget for the enlarged area I wasn't clear as to how the figures given in 171 were broken down as between Jasper Place, Beverly, and the portions of the Municipal District of Strathcona which would be annexed, do you have a copy of Exhibit 171 before you?

A No, I don't happen to have it. I would prefer if it is the same to you, if you want to question on this, I would prefer to answer tomorrow after I had a chance to see Mr. Moffat, because, he dealt with the matter, and I haven't had a chance to read his evidence, and I think he could give you the answers better than I.

Q Well, I would like to refer for a moment to one item, and that is annual cost of extra engineering works, and the sum is \$220,000.00. Now, that is,

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Q (Cont.) \$220,000.00 is the annual cost of the extra engineering work to bring in Jasper Place, Beverly, and part of Strathcona. Now, I would like to know, and I would prefer to know it from you what portion of that amount represents what you consider would be the extra cost arising out of the annexation of the portion of Strathcona?

A Well, I couldn't give you that here.

Q Well now, the reason I am asking you now rather than tomorrow is this, sir, that, it has been stated by Mr. Moffat that these various figures represent the best opinion, the best estimate of the responsible Civic Officials. In other words, as I understood Mr. Moffat, this was an estimate, not by Mr. Moffat as an Economist for the City, but rather by responsible City Officials.

A That would be Mr. McDonald the City Engineer.

Q Well, my understanding ^{from} you was, that you worked over this exhibit, this projected budget with Mr. Moffat, and others, prior to the time it was presented to the Commission?

A In part, yes, but not in the whole thing, there were certain things Mr. Moffat obtained from me and some from the City Engineer, and some from another department. He consolidated his report and submitted it as such. Now, I didn't have anything to do with that figure, I am not saying that it isn't right, but, I think it is Mr. McDonald's figure, and I would be prepared to stand behind it on that basis, but I didn't participate in the preparation of that figure.

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Q You had no part at all in the preparation of the figure for annual cost for extra engineering?

A No.

Q And, you didn't approve that figure yourself?

A I didn't disapprove of it or approve it, I was not, it was not put to me to be asked if that was the figure.

Q If I gave you a copy of Exhibit 171E could you indicate to me what of the various figures given for the projected budget were prepared by you, or specifically approved by you, prior to the time when this budget was presented to the Commission?

A Yes, I think I could do that.

Q Well, would you do so?

A This I notice is essentially current expenditure. I worked more on the capital program, the question of the amount of money we would spend on putting in water mains and so on. This is all current, I didn't notice it here, and I did not have very much to do with it at all.

Q Did you have anything specifically to do with that Exhibit at all sir?

A No, nothing specifically to do with that.

Q You had nothing to do with that, and --
that

A I think that was prepared primarily in consultation with, oh, you have so many in there, I think prepared primarily in consultation with Mr. Ockenden the Comptroller, and on the engineering aspects with the City Engineer. For example, the hospitalization is just a straight question of finding what the population in the new area is, and we know how much it is per capita, and you get your estimate, and so on down the line.

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Q Well, do you think it would be safe to say, with regard to this figure such as this engineering figure, that there was actually no considered study, and estimate by a responsibly Civic Official, capable of making the study as to the actual engineering costs involved in taking in Strathcona?

A No, I think that, I wouldn't agree with that.

Q You wouldn't agree with that?

THE CHAIRMAN: Mr. Brownlee, if Mr. Moffat is to be here tomorrow, couldn't these questions be deferred until then, he would be able to tell you the sources from which he got this.

MR. BROWNLEE: We have already asked them, sir, and I feel quite frankly that specific information on these various points would be forthcoming from Mr. Menzies.

MR. DAVIES: The Commission thought Mr. Brownlee, that by the time we got to last Friday, and Mr. Menzies had been in the box on this matter, and on the question on Mr. Moffat had been, that the Commission was under the impression the cross-examination was all completed, and that we were going to have the opportunity of this adjourned sitting, to get answers on a couple of loose ends, and deal with the City Utilities. Now, if we are going to open up a whole band of cross-examination again, and Commissioner Menzies is only going to be here until tomorrow, we will have to kiss the examination of the City Utilities goodbye, and, as a Member of this Commission I don't feel we should do so because they are a seventeen million annual operation.

MR. BROWNLEE: I hadn't intended to open a whole new field. I had a specific question or two which had

MR. BROWNLEE:(Cont.) occurred to me, but obviously
Commissioner Menzies can't answer them anyway.

MR. DAVIES: No, I don't think he can.

THE CHAIRMAN: We will now have our adjourn-
ment for ten minutes, until five past three, and,
in the meantime we will be prepared at the end of
that time to go on with the examination of Mr.
Menzies along the line that Commissioner Davies
has outlined.

(At this point the Commission
adjourned until 3:05 and
reconvened.)

MR. BROWNLEE: Sir, I don't want to go any further into the questions I was discussing with Mr. Menzies, but I have shown him, sir, Volume 44, the transcript for the 10th of March, and referring to Page 5,532, at which time I asked Commissioner Menzies as to his work in the preparation of Exhibit 171-E, and he stated in effect that he had worked on it and had considered and approved that projected budget, and he said at that time that he had: and I think probably, sir, you would now correct the impression that is conveyed on that page of the record?

A I am sorry, I think the difficulty arises out of the fact that I didn't have 171-E before me and was under the impression we were talking about the capital budget and not a current one. As soon as I saw this budget here that had to do with 90% current operation, it looks to be about 90% current operation, and it may be a little bit associated with capital, but I had nothing to do with it, and it was on the capital budget that I worked.

MR. BROWNLEE: Thank you.

THE CHAIRMAN: Well, I am grateful that he raised that question with Mr. Menzies because we want the transcript to be as accurate as possible.

MR. GARSIDE: There was just one other matter that was talked about before adjournment, and I don't think we have the information for you, sir, and that was whether or not the School Board would want to increase its membership in the same manner as the Council, and I

MR. GARSIDE: (Cont.) understand you did not get that information?

A No, I didn't have time.

MR. GARSIDE: We will try to get it for you. Thank you.

THE CHAIRMAN: All right now, Mr. Davies, carry on, please.

Q MR. DAVIES: Mr. Menzies, before we proceed to examine any of the utility statements at all I would like to ask you a few general questions. This morning it was established that the 1953 population of the City was 183,000, and the estimate was that approximately 83,000 of that population would be in the position of tenants, and that approximately 100,000 would be in the position of either being owners or being wives of owners or children of owners of property. Now, that proportion is roughly $\frac{4}{9}$ and $\frac{5}{9}$, so I am going into a discussion of utilities having in mind that approximately 45% of the City, of the population of the City is in the position of tenancy, whether they be shop girls or white collar workers or individuals in suites or children of the people in that position, so that it is obvious then from the start of this enquiry on this particular subject that a large and substantial proportion of the population in Edmonton that uses the Civic utilities are in the position of tenancy.

A Correct.

Q That is correct. Now, I don't think there will be any dispute on this statement, that utility taxation in Edmonton is carried on to quite an extensive extent, taking the five utilities as a group, there wouldn't be

Q (Cont.) any argument about that, I don't think, would there?

A No.

Q Now, I just want to pause for a moment and talk about a few principles of taxation. Do you agree that it is desirable that when people have to pay taxes that they should know how much the tax is, as a general principle of taxation?

A I would agree.

Q We know what our income tax is, we know what our sales tax is on the car, if we buy a packet of cigarettes we know how much the excise tax is, and when the City taxes people on lands and improvements the individual knows how much the assessment is and they know what the mill rate is and they can see how the tax is arrived at, that is all correct, isn't it?

A That is correct.

Q And that seems a logical and desirable scheme of taxation, that people should know how much their tax is. Now, at present people in Edmonton don't know what their rate of taxation is on the utilities, do they, in terms of a percent?

A I suppose not, they are acquainted annually, there are figures periodically appearing in the press as a result of Council Meetings, and so on, outlining how much money has been taken back from the revenues and used to reduce the tax rate through the mill rate, and presumably they are acquainted with the situation in large terms, they are not generally acquainted with it

A (Cont.) down on the level of their own particular business.

Q They are not then acquainted with what their utility taxes are in terms of what their bills are, their utility bills are?

A I suppose the average person doesn't bother to figure it out.

Q Yes, would you be surprised if I told you that in Calgary that neither of the two City Commissioners could tell the Commission what the rate of taxation was on any of the utilities?

A I couldn't answer that.

Q I am just asking you if you would be surprised, you can answer that, that in answer to a question asked by the Commission as to what was the rate of taxation, for example, on electricity consumers in Calgary, that that question could not be answered by either of the two City Commissioners in Calgary, are you surprised that that situation existed in Calgary, or would you prefer not to pass any comment?

A I would not prefer to pass any comment.

Q Would you be surprised or do you know that when a Member of this Commission asked a former City Commissioner what the rate of taxation was, what the rate of taxation was, what the rate of return was on the utilities in Edmonton, that his answer was, at page 3508 of the transcript:

"A I would not like to make it public."

Did you know that that answer was given the Commission?

A No.

Q And that at page number 3530 of the transcript when I asked an ex-City Commissioner:

"Question - What is the prospect of reduction of electric light rates in Edmonton?"

that the answer was:

"Answer - None whatever, I hope."

I take it that that answer would not represent necessarily the opinion of Council today, would it?

A I don't think so, sir, I don't think that necessarily represents the opinion of Council.

Q Well now, we are agreed, I take it, that, we are agreed now that there is, that utility taxation in Edmonton is quite extensive; we are agreed that as a principle of taxation, as a general principle of taxation, that it is desirable that people should know what the tax is: and I want to now pass on for a moment to discuss with you the question of renters, that is people who are in the position of not owning property, as a group.

MR. GARSIDE: I wonder, sir, if I might at this moment make a remark that you may not think is very relevant, but you spoke about the extensiveness of taxation in the utilities. From what has gone before the Commission in the past and certain questions asked by Commissioner Blackstock, I understood that the element of taxation supposed to be in the utility province is the difference between what the Utilities Board would allow by way of great return on the City Utilities, that is that it would be what would be above the rate of return allowed

MR. GARSIDE: (Cont.) by the Utilities Board if the utilities came under the Utilities Board, and now there are certain questions which I think are somewhat of importance to bear in mind. You have got information before the Commission to the effect that we pay a lot of the capital expenditures out of current funds, much of which is raised through utility rates. That is on what you might say is the pay-as-you-go principle. Now, I believe, I am not sure about this, but I believe that the Utilities Board would also agree to some extent with the pay-as-you-go principle, and I was just wondering if the so called "large profits" in the utilities might not be pared down quite a bit if we knew or could even estimate what the rate of return would be should the Utilities Board fix the rate for the Edmonton utilities.

MR. DAVIES: Well, I think one thing you would agree with, Mr. Garside, is that as far as the Gas Company is concerned, or any privately run corporation furnishing utilities, that the Utilities Board certainly would not allow them to be making capital expenditures and charging them up to revenue, I think you would agree with me on that, wouldn't you?

MR. GARSIDE: Well, I understood that they do to some extent agree with the pay-as-you-go principle, which means, of course, that if I am right there, that there is nothing in the rates to provide for capital expenditure.

MR. DAVIES: Well, would you limit your remarks first to the question of private utility companies.

MR. GARSIDE: Yes.

MR. DAVIES: Would you agree with what I am suggesting, that the Public Utility Board would not allow a private utility company, such as the Gas Company or the Calgary Power Company to make substantial expenditures for capital extensions out of current revenue and charge that into the rates against the people, you agree with me on that score?

MR. GARSIDE: That is exactly the point I am not clear about and in talking to Mr. Moffat about the question of the pay-as-you-go principle applicable to, say, to private utilities, he considered, at least I understood him to say that he thought that they would permit a certain amount of that to go on. But just how much, I don't know.

MR. DAVIES: Well, I don't see what we could do about that. What we are, we are merely a fact finding body.

MR. GARSIDE: That is correct, sir.

MR. DAVIES: That is all we are and that is all we are trying to do here, is to get at the facts.

MR. GARSIDE: Yes, sir.

MR. DAVIES: And that is all I am going to try and do in any questions asked about the utilities, and at least we will see on two branches of the City's operations what it will, it will be laid out in an orderly fashion.

MR. GARSIDE: Yes.

MR. DAVIES: How much has gone into capital, how much has been charged against revenue for capital purposes, and what the profits are and see the total picture.

MR. DAVIES: (Cont.) Maybe after that, if there is some submission, that a certain amount was just that should be allowed against revenue for capital expenditures, it would be easy to make a calculation of that and to see what the picture would be that is left.

MR. GARSIDE: That's right, sir.

MR. DAVIES: Now, to come back to the business of renters, there was a suggestion in Calgary, Mr. Menzies, that the taxation of utilities was a way of "getting at" renters, that was the phrase used. Now, I want to discuss with you for a moment how desirable is it that renters should be "got at", so to speak, any more than the property owners themselves. Now, Mr. Hodgson told us in his evidence, that is ex-Commissioner Hodgson, he said that generally speaking the renter pays the taxes, the renter in effect pays the real property taxes of the property he rents through his rent; would you agree with what ex-Commissioner Hodgson said in that respect?

A I think he qualified it slightly by saying in good times that is very much the case and in bad times, in depression times it is the reverse.

Q I think that is it, I wouldn't quarrel with you on that, I will go along with you on that; generally speaking is what I said?

A Yes.

Q Of course, let me put it this way, if we reach a stage in our economy where the rent that comes out of a premises does not at least pay for the taxes it means that ultimately the property will revert to the City,

Q (Cont.) doesn't it?

A Yes.

Q And we haven't had any stage in our history thus far where large blocks of property that could be rented or occupied have reverted to the City and have remained in the possession of the City, have we?

A No, but there is one time I think should be cleared up, Commissioner Davies, if you are going to talk about this question, and that is this, and I cannot give you the exact statistics on the matter, but in many of the large apartment developments, to take for example the Bel Air where there are five hundred suites out in the West End, a practice often in those suites is to charge nominal rent and each person has his own meter for certain utilities, sometimes the gas will be, the heat will be in the rent, but the water will be a meter of its own and he goes down and he pays his bill in the normal way; or he may pay it on his power, or he may pay it on his telephone, and you have that combination, and then you could have the other type of apartment where everything is included, the utility costs, and just whether the owner puts on a little bit on over and above that for himself we don't know: but I think one has to keep that in mind, that the situation is not the same for every tenant, and that when you say that, when Mr. Hodgson or at least when you talk about the revenue obtained from rent from tenants, it is not always coming in as a direct payment through the utilities account but is coming in

A (Cont.) as a payment from the owner himself. I think I just wanted to clear that one matter up.

Q Thank you, but in the long run and generally speaking the rents are fixed at such amount that the tenant is the one who is paying in rented property?

A That is the way it is generally done, yes.

Q And Commissioner Tweddle in his evidence last week said that the taxes imposed on business normally are passed on back to the consumer?

A Yes, that's right.

Q Now, the original justification for a property tax was that property, real property was an original sign of wealth, wasn't it?

A Yes.

Q I think that is what was behind it?

A Yes.

Q Would you agree with me, Mr. Menzies, that taking and dividing Edmonton into two groups, the property owners and people who are in the position of tenancy, that the tenants from the point of view of ability to pay have not got the total assets and the same ability to pay that a property owner has, would you agree with that statement?

A I couldn't agree one hundred percent, no.

Q Well, would you agree with that statement, generally speaking, and all I am saying is this, that generally speaking in the City of Edmonton people who are property owners are wealthier than people who are tenants?

A Yes, I think that would be true.

Q And they are in higher income groups?

- A In general, yes, but there are cases where that is not the case.
- Q Certainly all the girls who work in the shops, many stenographers, white collar workers, civil servants, the people^{who} have rooms, or people who have two room suites, those are all people who are in the class of tenants and who as a group are not in the high income group, are they?
- A Quite true.
- Q Would you agree, Mr. Menzies, that there is not any, I am not saying it is being done here, I am not suggesting that, I am just saying as an economic fact, would you agree with me that there is no justification for singling out people in the position of tenants as a group and saying we want "to get at them"?
- A No, I don't think that is the attitude of our Council.
- Q No, I am not suggesting it is, but I just trying to establish a principle now of taxation?
- A Yes, I don't think that is right, I don't think that would be the attitude of our Council, that they want "to get at" any group.
- Q Now, next, I want to turn for a moment to the question of rates, not to discuss rates individually but discuss principles of rate fixing. Now, am I correct in assuming that in the City of Edmonton, that in fixing its utility rates the City of Edmonton has largely been actuated by this principle, namely, that as long as our rates are more or less in line with other cities in Western Canada that we should figure that our rates are pretty

Q (Cont.) well okay, is that right?

A I would like to put it in a little reverse, you don't mind my doing so.

Q Yes, yes, except on water, you say?

A No, I was not going to say that, I was going to say that I think it has been a policy of Council to always try to produce a certain amount of revenue through its utilities, and to keep the mill rate down accordingly. If it was felt that in doing this that any one utility was having its rates brought out of line with the going rates in Western Canada, then it needed some thought. Now, that is not quite what you said, at least as I understood it.

Q Well, I don't think --

A I recall, I watched the rates very carefully, it has been argued, I have heard it often argued, that industry in coming to a City, one of the first things, that they will go to the, to your Industrial Commissioner and they want a list of "What are your utility rates?", and that they are going to go, and then they might go to some other city and they go there, and that that might be a factor that will prejudice their going one place or the other. I haven't actually found that to be too too often except if it is very very marginal. Usually raw products, transportation or freight rates or something of that sort is more predominant in the picture than are the utility rates, but I have heard it, industrial people state that. If they feel it is badly out of line then they let you know, they will let you

A (Cont.) know, they will let you know that they think that your utility rate is out of line. But as I say, I think our policy has been to try to produce so much money, so much revenue from the utilities to help the mill rate and then see what that does to your utility rate, and see if it puts it out of line. It is not working on the opposite assumption that you look at everybody else's rates around and set your rates and if you are lucky and because of that you end up with some surplus money and you will throw it into the kitty.

Q Well, do you think, do you feel, Mr. Menzies, that this Commission has had evidence presented to it that shows that as a result of the policy of the City of Edmonton followed in respect to utility rates that it has resulted in real property tax being lower in Edmonton than in other comparable places?

A Oh, I think it has.

Q But, on the other hand, this Commission has got submissions before it that the real property taxes in Edmonton are higher than in some other places, and the suggestion in this area is, I think, that that real property is carrying about all it should carry?

A Well, I saw that submission or that Exhibit that you put in from Regina which show the figures from, which show that that matter you were referring to this morning, about the \$10,000.00 house, what it was paying in six or seven different Western cities, and we seem to be about the mean as I recall the figures quoted.

Q I think that is correct. Now, of course on this question of what is the proper basis upon which to base utility rates, you would not argue for a moment that the principle of looking at what the rates elsewhere are, that that is a good principle necessarily, would you?

A No, I don't think I would, in fact I would, well, as a utility man I would like to be able to boast that I had a better utility rate in Edmonton than the other place because it is --

Q Is it better if it lower or higher, I am not clear on that yet?

A Well, from whose standpoint?

Q I mean from the point of view of your comment right then, do you mean that as a utility man you would like to boast a lower rate, is that what "better" means?

A I would like to be able to prove that I was in charge of a group of utilities that were functioning in such a manner that they could, they could produce rates better than other cities could do it.

Q Do you agree that as far as fixing the rate that is fair, and we will forget for the minute about the question of taxation on utilities, of revenue, but that the proper thing to look at is what the cost of the service is first, just like the Gas Company picture is looked at, and just like the Calgary Power is looked at, wherever it is operating; that is the Public Utility Board approach, isn't it?

A Yes, that is the Public Utility Board.

Q And then in 1937 when the City abandoned the original conception of public ownership and went on a business, went on the basis of saying "Let us set up the utilities of Edmonton as a private company.", do you think that once the City of Edmonton decided to set up its utilities on the basis of a private company that it should take the consequences then of a private company and having decided to tax the people on all the bases of a private company, that the people are entitled to any benefit above that in reduction in rates ?

A Well, I don't care to offer an opinion on that. As I say, I am acting, our Council policy has been to finance in that way, there have been reasons for doing it in the past, I think, and I have heard the City criticized on different sides for not having budgeted to produce surpluses during the war years, both through their mill rate and through their utilities, and they get a certain amount of that; and now it seems that there is a question arises that that might have been the wrong thing to do, there are both sides of the picture as I see it.

Q Just before we proceed I would like, so that you will have the information before you, Mr. Menzies, to put on the record here part of Exhibit 164-E which was filed on the 14th of February; it gives the consumers of the different utilities in Edmonton as at December 31st, 1954:

Telephones	65,155
and a reported waiting list of approximate	7,000
Electric light	57,923
Water works	41,655 .

Q (Cont.) Now, I presume the water works figure would really be the more stable, the most stable of the three figures that you get and you would get in water works, you would get in connection with water works, you would be less likely to get into the multiplicity of meters, metering, and other services being passed on to tenants.

A No, they are about equal I should say.

Q Well, for example now --

A You don't have any trouble with phones, obviously.

Q There is electric light, 57,923, water works 41,655; but that does not mean that there are roughly speaking 15 or 16 thousand places in Edmonton that have water works but haven't got electric light?

A No.

Q So obviously the stable figure to use is the 41,655, isn't it?

A I would say that, I would think so.

Q And to the extent that the electric light department has 15 or 16 thousand more services, that means merely a multiplicity of meters in metering the charges back to most likely a tenant?

A That is correct.

Q Now, I refer to the year 1937, Mr. Menzies, and I want to read Exhibit 209-E, part of it because it was not read before, and this is a letter signed by J. Hodgson to the City Council, dated April 23rd, 1937, addressed to His Worship the Mayor and Members of

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Q (Cont.) the Council; I presume you are familiar with this Exhibit?

A I have read that, yes.

Q "Re: TAXATION OF CIVIC UTILITIES

There has been a good deal of discussion regarding the advisability of instituting a system of taxation in connection with the Civic Utilities, and there has also been some criticism upon the lack of it, particularly from the Taxpayers' Association in their different presentations to Council regarding proposed changes in the basis of taxation. The statement has been made on several occasions that the surpluses shown each year are misleading, and that they would be very much reduced were the accounts of the Utility Departments recorded on the same basis as private corporations. We have, therefore, prepared a statement giving effect to a method of taxation based on a franchise assessment, together with ordinary taxes on Real Estate, plus a tax of 5% on Gross Revenues, and the approximate results for 1937 would be that taxes amounting to \$630,115.53 would be imposed, according to the attached statement, which would reduce the estimated surplus from \$1,105,000.00 to \$474,884.42. If this is agreeable to the City Council we would give effect to it before compilation of the final Budget summary.

Respectfully submitted,

Signed: J. Hodgson,
CITY COMPTROLLER

Q (Cont.) Then attached to that is a statement showing how it was proposed to impose real estate taxes and taxes on a franchise base on the five utilities; and you are familiar with that exhibit?

A I am.

Q Now, from 19- , so that up to that time, up until '37 the five City Utilities had been operated ostensibly on the common public utilities basis of service at cost; what Mr. Hodgson in his evidence told us that the surpluses were getting so large on the utilities by that year, by the time of the year 1937 that they were becoming embarrassing or something to that effect; do you remember reading that?

A I do.

Q And you would not disagree with that?

A About being embarrassing, you mean?

Q Yes, when they got too big?

A I suppose that is probable.

Q Wouldn't it have been very easy, a very easy thing at that time to avoid the embarrassment by reducing the rate?

A Unfortunately I cannot give you a story in 1937 because, what the cause of their thinking at that time was, I am merely philosophizing because it was 9 years before I was with them.

Q Right.

A And I don't know just what their problems were, I do know they were having trouble along certain lines and maybe this was the answer to their problem at the

A (Cont.) time. I am not in a position to answer you very well.

Q That's fine, thank you. Now then, in any event, starting in the year 1937 the following assessments were imposed on the utilities, on the franchise basis, well, the five utilities, electric light, power plant, street railway, telephone, water works were given each an assessment of a million and a half dollars, making a total of seven and a half million?

A Yes.

Q And that lasted until 1944, and then certain taxes were imposed on real estate and a franchise tax of 5%. Now, I want to stop just at that stage about this franchise tax of 5%. I understood from Commissioner Hodgson that that 5% business has been, as a tax, just as a tax, was stolen from the gas franchise agreement, would you be surprised at that, would you?

A Well, in part I would, and that is quite true, and I can see that it is a very nice place to look for revenue; but I think if you will check transit in the North American Continent today that that 5% on revenue is a common practice, in fact it is one of the most contentious thing in the whole industry at the present time. Many, many of the transit companies are arguing with their cities to have the 5% taken out, so that it is not unique in Edmonton.

Q Well, let us put it this way, Commissioner Hodgson told us that that 5% was hit on, the reason the 5% tax on all the utilities was put on, outside of the plant tax, was that it was common, it was in the gas

Q (Cont.) franchise, and then when we get down to Calgary and we ask Calgary about where they got this 5% idea from, where do you think they got it from -- Edmonton! So that it looks like as if the chain of events is that Calgary got its 5% utilities tax from Edmonton and Edmonton got it from the gas franchise and the gas franchise was made in 1915; now, are you surprised at that chain?

A Well, I don't know if that is right, I know that could have been in their thinking all right, but as I say, it is done in other utility fields as well as in the gas, it is common in transit all over Canada even today.

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Q The 5%?

A Yes. They have been fighting in Winnipeg in the last two or three years on that very item, the Electric Company was discussing that with the City Council during the past two years I know.

Q Well, to go on with the assessments, those assessments of a million and a half on each of the five utilities carried on until 1944?

A That's right.

Q And then this Exhibit Number 209E shows that in 1944 a change was made and real estate taxes were abandoned on the four utilities that had had real estate taxes imposed on them in '37, all except the water works, and in 1944 this Exhibit 209E shows that the Transit System franchise assessment was reduced from a million and a half to 360 thousand.

A That's right.

Q And the other four utilities were all increased from a million and a half to \$2,160,000.00?

A That's right.

Q So that by the end of '44, or starting in '44 the total assessment for the franchise tax on the five utilities was 9 million?

A That's right.

Q And that situation prevailed until 1952.

A Yes.

Q When the street railway, the transit system rather, franchise basis of assessment was raised from 360 thousand to 500 thousand, and the other four utilities were boosted from \$2,160,000.00 to 2½ million, and that is where they stand at present?

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A That's right.

Q Making a total franchise assessment of $10\frac{1}{2}$ million dollars and that is what it is today in 1955?

A That is correct.

Q Now, can you tell us, Commissioner Menzies, whether or not you have had access to the Council minutes of 1937 when this matter was discussed, when this report of Commissioner Hodgson was accepted?

A No, I haven't read them.

Q Do you know whether it was the intention of the City Council at that time that once they succeeded in converting the operation of the City Utilities to a private property basis and imposed, were going to impose all the taxes on the city utilities that are imposed on a private property basis, whether or not there was any understanding that over and above that that the public, that the patrons of the utilities would be entitled to have their rates reduced, have you any information on that at all?

A I haven't, no, I have no information.

THE CHAIRMAN: Mr. Menzies, I was going to say, don't forget the Reporter, he has to hear you.

A I am sorry, I beg your pardon.

Q MR. DAVIES: I want to turn to one of the exhibits, Mr. Menzies, which is the one, Mr. Garside, that has, this is it, it is Exhibit number, well, it is the one dealing with surpluses, 184E, that is the consolidated statement.

MR. GARSIDE: I haven't that with me.

A I have one here --

MR. GARSIDE: 184E?

A I haven't got the exhibit number but I think, I have the annual statement.

MR. GARSIDE: The summary of net results of operation.

A Oh, I haven't that one.

Q MR. DAVIES: Possibly I will lend you this and it might shorten our discussion, since you are going to be available all day to-morrow. Now, I will just read what I have written down here and see if you acknowledge that that is so in accordance with the Exhibit, Mr. Menzies. This is "Comments on Exhibit 184E, being a statement from inception of the first civic utility, from 1903 to 1954, showing individual and combined surpluses and deficits, if any." Now, Exhibit Number 209E shows that the five civic utilities up to the year 1937 were operated in accordance with, this is a note, were operated in accordance with the service-at-cost basis, although at the end of 1936 the combined surplus for the five utilities was approaching \$1,000,000.00; would you check that, on the end, by the end of 1936?

A '36 or '7?

Q By the end of '36 it was approaching \$1,000.000.00, it was not quite there?

A Yes, that's right, it was nine four four.

Q Yes, and taxation of the utilities were instituted commencing in 1937, and despite the imposition of that taxation, as far as that Exhibit 184E is concerned, the profits of the utilities after '37 are so arranged so that it includes the 5% tax and all the items that would have been treated as profits

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Q (Cont.) before the tax was imposed.

A Yes.

Q Right?

A I think that's right, yes.

Q Now, that exhibit only deals with surpluses and does not deal with any capital expenditures out of current revenue, is that right?

A That's right.

Q Exhibit 184E shows that from inception to the end of 1953 the net combined surpluses after deducting any deficits had amounted to \$29,934,996.97?

A That is correct.

Q That is correct, and in 1953 the net surplus was \$2,056,748.85?

A That is correct.

Q And that in every year since the year 1937 the net combined surplus has been over \$1,000,000.00?

A That is correct.

Q And that during the, and that the total net combined surpluses of the five utilities for the period from 1937 to 1953 inclusive, now I have totaled this, it amounted to \$21,091,915.72; now, subject to my addition being correct, would you say that that looks correct?

A Yes, that is correct.

Q And all five utilities in all these five years had surpluses except the Transit system, from '37 on?

A That is correct.

Q And that in respect to the Transit system from 1937 to 1953 there were six years in which the Transit system had deficits, six years, and if my addition is correct it is \$217,509.52; it looks about right, doesn't it?

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A I would agree with you.

Q And there were eleven years in which the transit system had surpluses, and my addition on those surpluses in that period is \$1,102,928.03. This leaves a net combined surplus for the transit system in that period, that is from '37 to the end of '53, \$885,418.71; now, that is just a process of subtraction.

A Yes.

Q And the last deficit of the transit system was in 1951, that \$92,915.94?

A That is correct.

Q And in 1953 the transit system had a surplus of \$250,761.43.

A That is correct.

Q I wonder if I could refer you to this exhibit for a moment, Mr. Menzies, this is number 203E.

A It may interest you to know that in respect to the transit deficits, that transit has always been a lame duck more or less in the nine years I have been with the City, and every time we had a problem of facing of whether the rates were going to go up or whether there was some other way to overcome it, we had to look for charges that had ordinarily been carried by the transit system in the past, and we maybe changed our books to relieve them of some of the costs that they originally had carried. As an example, they, back about '46 they were carrying a share of the paving costs, it being argued that they were using, that certain paving was being done for them, and that was all taken off. They used to take a share of the sanding and cindering because it is they that require that service first

A (Cont.) thing every big snow storm; and that was the next thing that fell by the way, it had to be absorbed in the City in order to try to keep the fare structure from getting too high: so that actually that picture with respect to the transit is not quite as rosy as what it would appear.

Q Was it a rate increase that made the difference between a deficit in 1951 -- ?

A Yes, there was a rate increase went in in December of, I think it was either '52 or '53, and then it went, produced quite large surpluses that year.

Q Now, perhaps I can, to shorten the discussion again on this I will just read what I have written out which I understand that Exhibit shows. Comments on Exhibit Number 203E, being a statement for the years 1937 to 1953 inclusive dealing with the five utilities. Now, first, Mr. Menzies, this exhibit takes each of the five utilities and shows the amounts, certain amounts during the years 1937-1953 that were (a) charged against current revenue and appropriated to utility reserve fund for capital expenditures?

A Yes.

Q Right?

A Yes.

Q (b) the amounts that were expended in each year for capital expenditures out of utility reserve fund?

A Right.

Q The proceeds of debentures sold each year for each utility, the combined amounts for each of the years placed in a utility reserve fund and withdrawn -- that

Q (Cont.) is further over.

A Yes.

Q The debt of each utility at the end of each of the years, and the amount paid on principal and interest by each utility in each year and the utility reserves on hand at the end of each year?

A I am sorry, I don't quite follow?

Q Well, the debt of each utility at the end of each of the years --

A I can't find that.

Q That is over in the right hand section.

A Yes, here it is.

Q That's right, isn't it?

A That's right.

Q And the amount paid on principal and interest on each utility in each year?

A Right.

Q And the utility reserves on hand at the end of each year?

A That is back here somewhere, I think.

Q That's right. Now then, finally the exhibit shows the total net assessment of the City for each of the years, the mill rate levied on such assessment, and the total tax levy resulting therefrom on real property, right?

A Right, yes.

Q Now then, looking at that exhibit, I just want to make this comment, one object of this exhibit is to show how the extent to which utility patrons are being taxed through the use of the utilities in comparison with the total taxes levied against the land and

- Q (Cont.) improvements thereon and including the business assessment. It was pointed out that this exhibit, 203E, represents only a portion of the total taxation on utilities, and that is the taxation against current revenue for capital expenditures only. The following significant facts emerge from this exhibit. Now, the first one is this, you see if you agree that it shows that in the period from 1937 to 1953 inclusive the utility patrons have been taxed to the extent of \$21,910,788.04 for the purpose of providing money out of current revenue for capital expenditures?
- A I would like to get one thing cleared up, I would like to get something cleared up, when you talk about "taxes" do you mean everything over and above operating expenses, are you calling that a "tax"?
- Q What I mean is this, that the amount that is being, as shown by those columns, the amount that is being appropriated and charged against current revenue for capital expenditures, that that is deemed to be an amount that they have been taxed because that has been taken out of their rates and, therefore, it has been included in the rates and it is a tax in that sense.
- A All right, I understand, sir.
- Q Is that right?
- A I understand what you mean.
- Q And that figure is \$21,910,788.04 in the "total" column there, in the consolidation, in the centre there I think, total combined reserves?
- A Combined reserves, \$33,827,000.00 --
- Q No, twenty one, \$21,910,788.04, I think?

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A This is combined reserves placed to reserves in 1953,
\$33,382,000.00 -- no, up to '53 I mean, \$33,827,696.00.

Q I think you are in the wrong column, Mr. Menzies.

A I think I am.

Q The column is "combined reserves".

A Yes, '37 to '53.

Q Yes, and the total down at the bottom, how much was
put in?

A I will get my decimal place here, \$21,910,788.04.

Q Right, that is the figure I have mentioned. Now
then, in the same period the total debenture borrowing
of the five utilities in question amounted to
\$20,237,000.00, yes?

A Right.

Q Correct?

A Right.

Q In the same period the capital expenditures out of
revenue charged against the patrons of the utilities
in the rates they paid exceeded the debenture borrowings
for capital purposes by \$1,673,788.04?

A Right.

Q Next, the total debt of the five utilities, that is
debenture debt, as at December 31st, 1953 amounts to
\$16,145,634.74; that is over on the right?

A Debenture debt, I haven't found it yet. What was
that reference?

Q It is the total of the debenture debt?

A Have you added them all?

Q Yes.

A The five of them?

Q Yes.

A And what was your statement again, please?

Q \$16,145,634.74 is the total debenture debt of the five utilities?

A That would look to be about right, I haven't added them but they are running around two and three million each and there are five of them so that it should be around sixteen.

Q Right, then you have the 1953 City Report, Mr. Menzies?

A That's right.

Q The 1953 Financial Statement of the City, Exhibit 11E, page 55, the gross revenue of the five utilities in the year 1953 --

A Page 55, did you say?

Q Page 55, the gross revenue of the various civic utilities, \$16,284,759.47, is that right, page 55, the 1953 statement, in the centre of the page?

A Sixteen, right, I got it.

Q Is that figure right?

A That's right.

Q Now, we come down to another portion of that exhibit that you have there, 203E, which shows that the gross tax levy in 1953 covering land, buildings and business tax was to yield a tax of \$12,179,743.00 as a result of a levy of 52.50 mills?

A Right.

Q The same exhibit shows that the utility patrons for 1953 were charged in their rates and taxes, in their rates to the extent of three million, now this is in the year 1953, and I am looking at the exhibit now; they were charged to the extent of \$3,382,769.69 for

Q (Cont.) the purpose of capital expenditures. Now, I get that figure from Exhibit 203E, that is the big one there, which is for the year 1953.

A Where is that?

Q "Combined reserves, 1953", the amount placed in combined reserves?

A That is this one here?

Q Is that right?

A What was the amount?

Q \$3,382,769.69.

A That's right.

Q And, therefore, this taxation of the five utilities for capital expenditures alone in the year 1953 actually amounts to approximately 27.7% of the total 1953 levy against all real property including business tax?

A That would sound about right to me.

Q So, so much then for the, for the levies against utility owners for capital purposes, and it seems that that calculation is right, that it amounted in 1953 to 27.7% of the total amount levied throughout the entire City against all real property, including the business tax.

A What is the other figure you were using there, you are taking \$3,382,000.00 -- ?

Q I compared that with twelve.

A As compared with twelve million?

Q Yes.

A \$12,179,000.00.

Q Yes, just to measure the incidence of utility taxation in relation to real property and business tax combined.

A You are using the word "taxation" in so many different aspects that it is, something that you put into reserves, are you going to call that -- I don't know whether I think of that as a tax in the true sense, it is charged out no doubt, and it all boils down to the fact of whether you are going to follow a policy of pay as you go or you are going to capitalize everything as it comes along.

Q Of course, Mr. Menzies, if you follow pay as you go and you take it, take those capital expenditures out of revenue, that is taxation, isn't it?

A I suppose.

Q Mr. Moffat was careful to point up when he was examining the representative of the M.D. of Strathcona as to what school expenditures of Strathcona were being capital expenditures or were being paid out of current revenue, and that same argument would naturally apply to the City, wouldn't it?

A Well, I must say that I have heard in various times, I have met with different groups, and the City criticized for not levying, one way or the other, to carry some capital expenditures on the current basis, that is to say -- and has come from higher governments than our own.

Q Of course, I wouldn't want anything that I say to be interpreted as criticism, but we are only fact finding, Mr. Menzies.

A I see, sure, yes.

Q But we have to have what the facts are verified by the City?

A That is correct.

Q To measure this incidence of taxation. Well then, we are agreed on that. Now, I wonder if we could pass now to a consideration, I have here a statement, I am going to hand you one of these to shorten things up, Mr. Menzies, and one for Mr. Garside, one for the reporter, I haven't got enough to go all the way around.

Now, this statement is entitled "5 City Utilities, Year 1953, Consolidation of Information from Exhibits 184E, 203E and 166E".

A Yes.

Q Now, first 184E, that is the 1903 to '53 five utilities surplus statement, we have had that one; 203E, that is that second large statement we have had, and of which you have a photostatic copy; and 166E is the statement given to us by Commission Hodgson on the capitalization of the utilities, and we have had that information confirmed this afternoon. Now, I want you to take a look at this statement that you have in your hand now, Mr. Menzies.

A The combined one.

Q Now, this is five utilities, the year 1953:

"1. Combined Surplus - comprising taxes,
5% tax, plus amount transferred to
General Reserve \$ 2,056,000.00."

A I am not able to do the adding but I got, but I will have to assume it is added correctly from the other five statements, I haven't checked it so that I don't know but I think it is right.

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Q All right. Isn't that out on that one underneath there?

A I beg your pardon, is it added over there?

Q Here it is here, you can confirm it from this one.

A That's right.

Q And then from the other exhibit in your possession, that is 184E:

"2. Add: Amounts transferred to Plant

Extension Reserves - charged to

Revenue \$ 3,382,000.00."

Right?

A Right.

Q Now I have got this third heading here, I have marked:

"3. Total charged consumers in excess of cost
of operation, maintenance, debenture

principal and interest \$ 5,438,000.00."

A The sum of the first two.

Q That is the sum of the first two.

A Right.

Q Now then, I view the first two as comprising taxation.

A Yes.

Q Now, the conclusions from that:

"4. Gross Revenue combined as per

1953 Financial Statement (Page 55)

\$16,284,759.00."

That is the page 55 figure.

A All right.

Q "5. Percentage of Profit based on actual
cost 50%."

Now, that is without taxes, without the 5%, just taking these exhibits, that is 50% profit based on

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Q (Cont.) cost and throwing the transit system in with the other four utilities, and that is calculated by, it is merely \$5,438,000.00 taxation on \$10,846,759.00. Right?

A I see what you are adding, I see what you are doing, okay.

Q Right?

A Right.

Q Now, the next item:

"6. Combined Capitalization based on debt
owing at December 31st, 1953, as per
Exhibit 166E \$ 16,846,944.00."

Right?

A I haven't found it on here yet but it sounds about right.

Q Yes, we had it on that.

A \$16,846,944.00, all right.

Q Now:

"7. Annual Return in per cent based on capital
debt outstanding December 31st, 1953 32.2%."

What does that say?

A Are you taking \$5,438,000.00 over \$16,846,944.00 and getting 32.2%?

Q Right, mind you that is before any taxes of any kind are levied but on a public utility basis that is what it would be, there can't be any quarrel with that, can there, I mean for what it means that is what it is?

A For what it means, yes.

Q "8. Based on the total actual assessment of
the 5 Utilities as per Resolution of

Q (Cont.)

" Council at \$10,500,000.00 (on which the City actually taxes the 5 Utilities) the above sum of \$5,438,000.00 in Item 3 represents taxation of the 5 Utilities at a rate of 517 mills."

Have you any quarrel with that?

A Well, really, I would like to look at it. Well, I can't dispute your figures.

Q Once you get the 50%, a thousand mills is 100%, isn't it?

A Yes.

Q Once you get your 50% you are around 500 mills, aren't you?

A I think you are all right in your figures.

Q And that is averaging off the five city utilities and throwing the transit, throwing the white elephant in, right?

A Right.

Q Had you ever bothered, had you ever had the opportunity I should say to make the calculation before?

A No, I didn't put it in that form.

Q Are you surprised at what it shows?

A Well, I don't know whether I wholly agree with what you are arguing, I can't dispute your figures, I will agree with anything you have done in your figuring, but whether the conclusions you are drawing from it are --

Q I haven't drawn any from it, Mr. Menzies.

A Well, I won't argue with anything in the statement on your arithmetic, anything that is on there, they

A (Cont.) are all basically right.

Q MR. GARSIDE: Would you agree that the cost figure there is right?

A In other words, what Commissioner Davies is saying, that on the basis of so much operation, a profit of so much, and, therefore, in turning it back in terms of mills it works out at an assessment of 517 mills on that value. It is on the basis of the figures we have here. On the other hand, I would question that value of \$10,500,000.00. If you had to put that in terms of value today, that is only a hypothetical, at least, not hypothetical, but it is certainly not on a replacement value. For example, the power plant itself, you could not replace it today for less than 12 to 15 million dollars, you could not replace the telephone system for less than twenty.

Q MR. DAVIES: The only thing is that nobody is taxed on that basis, I build a house for \$20,000.00 --

A No, but I would question the relationship of the ten five as being 60% of the total, I know it is nothing near 60% if you want to equate it to the treatment of other assets in the City, that is why the 517 looks so high.

Q The evidence before the Commission given by Commissioner Tweddle the other day was that if the utilities were assessed on a proper basis, on a basis of 60%, that it would be around a 13 million assessment, that is the evidence given this Commission; but let us suppose that we double, let us suppose even that you double the assessment of the utilities and make it 21 million, the only effect of that is to

Q (Cont.) cut the mill rate on utility owners of 517 mills in two.

A 250.

Q And you have still got 255 mills, haven't you?

A That's right.

Q MR. GARSIDE: Would that be anything like the cost that be used if you went to the Utility Board for a rate hearing?

A The two are not quite the same in that the utility is set up on the rate base, isn't it? And that is not quite the same thing, it is not on the value of the plant, and that is not what the rate base is, it all depends on what you define that rate base as.

Q MR. DAVIES: Mr. Menzies, the other day, and I think again, the other day one of the witnesses answered in the affirmative to the question that it is the patrons of the utilities in Edmonton who have put all the monies into the utilities to make them what they are today; that's right, isn't it?

A That's right.

Q And now do I understand, and then you have told us today that you have tried to have a policy of pay as you go for the utilities, that's right, isn't it?

A In part.

Q In part?

A The fact, if you will look at the sheets here, you will see that we have had to borrow.

Q Yes, that's right.

A And in fact issue debentures which means that they could not.

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Q But, for example, I notice in your 1955 Capital Estimates there is an item of \$4,000,000.00 that the city council has passed that is going to be, that is going to be taken out of revenue of the five utilities over and above, pardon, for the purpose of capital expenditures, that's right, isn't it?

A Right.

Q And in 1953 it was three million and something?

A Yes.

Q I think it was --

A Something in that order.

Q Now, is this the reward the utility owners are going to have in Edmonton, I would like to ask you this, that you are following a policy of partly pay as you go in consequence of which the utility patrons are having large sums of money levied against them in their rates for capital expenditures, and then as a result of having been doing this over the years is their reward going to be that you are going to greatly increase the assessment of the utilities and say "Well, we will have to take that much more taxes off you now and make your assessment higher."?

A No, I don't think there is any intention of doing that, the point that I raise was that, I was merely saying that that 517 mills on ten five made it look absurdly high, and I could easily knock it down to half as you did, or maybe less than that, it still is considerably above the going mill rate of the City, I have to concede that point.

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THE CHAIRMAN: Well, Mr. Davies -- ?

MR. DAVIES: We will adjourn now.

THE CHAIRMAN: Yes?

MR. DAVIES: That's fine, sir.

THE CHAIRMAN: All right, Mr. Menzies, I think you gave
the undertaking that you would come back to-morrow?

A Yes, to-morrow morning.

THE CHAIRMAN: To-morrow morning, yes, thank you very much.
We will now adjourn to 9:45 to-morrow.

(At this point the Commission adjourned
until 9:45, Tuesday, the 22nd day of
March, A.D. 1955.)

